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THE UNIVERSITY OF ALBERTA

A UNIVERSITY DEGREE PREREQUISITE AS ENTRANCE  
REQUIREMENT TO CHARTERED ACCOUNTANCY IN ALBERTA

by

Victor William Dzurko

A THESIS

SUBMITTED TO THE FACULTY OF GRADUATE STUDIES  
IN PARTIAL FULFILMENT OF THE REQUIREMENTS FOR THE DEGREE  
OF MASTER OF BUSINESS ADMINISTRATION

DIVISION OF BUSINESS ANALYSIS

EDMONTON, ALBERTA

APRIL, 1967



UNIVERSITY OF ALBERTA  
FACULTY OF GRADUATE STUDIES

The undersigned certify that they have read, and recommend to the Faculty of Graduate Studies for acceptance, a thesis entitled "A University Degree Prerequisite as Entrance Requirement to Chartered Accountancy in Alberta" submitted by Victor William Dzurko in partial fulfilment of the requirements for the degree of Master of Business Administration.



for advancement; and (4) the lack of guidance and instruction by partners. It was for these reasons that many university graduates abandoned public practice on qualifying as Chartered Accountants.

The majority of graduate respondents in this study were also critical of the C.A. Course of Instruction. The main criticisms were inadequate instructors and the lack of a program specifically designed for university graduates studying Chartered Accountancy.

The present plans of the Institute of Chartered Accountants of Alberta to introduce subject area courses and provide instruction on a full-time basis in four-week summer schools should do much to improve the C.A. Course of Instruction for university graduates. The success of this new approach to Chartered Accountancy education may well determine the extent to which universities in Alberta will be called upon to provide professional accounting education.

The writer's main recommendation is that the profession should take immediate steps to transfer all academic portions of its program to the universities. Such a transfer could be made attractive to students and members alike by the implementation of the proposed inter-sessional B.Comm. Accounting Major degree and the development of a graduate program in accountancy.





## ABSTRACT

The primary purpose of this study was to provide an understanding of Chartered Accountancy education in Alberta and to determine the problems that the profession must overcome in changing its minimum entrance requirement from that of a high school senior matriculation at present, to a university degree prerequisite in 1970.

Data for this research was gathered mainly through the medium of two detailed questionnaires. One questionnaire was sent to all offices listed as "Chartered Accountant(s)" in Alberta during 1965 and another was mailed to all university graduates who were under articles in Alberta between the years 1953 and 1964 inclusive. The summarized responses to these questionnaires are the basis for the findings which follow.

While the majority of Chartered Accountant practitioners in Alberta agreed that the 1970 transition to a university degree prerequisite was desirable and necessary, they were also aware that the change would not be an easy one to make. Practitioners in smaller centers and those operating single office practices in Edmonton and Calgary anticipated a great deal of difficulty in attracting university graduates to their practices. These practitioners expected to utilize technicians for much of the work previously performed by students.

University graduates who were in articles in Alberta between 1953 to 1964 were generally satisfied with the training they received while in articles but were critical of public practice in respect of: (1) low salaries; (2) the nature of work; (3) the lack of opportunities



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## CHAPTER I

### INTRODUCTION

In its evolution, each profession begins by providing, through self-taught practitioners, a service needed by society. Each then introduces apprenticeship procedures, by which accumulated experience is transmitted to novitiates. With sufficient accretion of knowledge, professional schools are established, but always the early history of these shows the same flavor of experience; the schools attempt to stimulate the real world and their teachers impart their own experiences to their pupils.

Once established, the schools themselves evolve. Collective, repetitive experiences increasingly yield inductive knowledge, generalizations extracted from multiplicities of cases and, once extracted, applicable to cases yet to come. Research begins, from which there flows a yet higher order of knowledge through deduction, yielding laws, principles, postulates, theories, all applicable to the spectrum of the professional phenomena to which they apply.<sup>1</sup>

There are indications that the accounting profession in Alberta is on the threshold of this evolutionary process. At their annual general meeting on June 11, 1966, the members of the Institute of Chartered Accountants of Alberta unanimously approved a by-law change requiring a university degree prerequisite for students entering articles after 1970.<sup>2</sup> It would be difficult to argue that the transition from a high school senior matriculation entrance requirement to a university degree prerequisite will not benefit the accounting profession. On the other hand, such a change cannot be brought about without resistance and difficulty.

---

<sup>1</sup>Robert H. Roy and James H. MacNeil, "Horizons for a Profession: The Common Body of Knowledge for C.P.A.'s," The Journal of Accountancy, (September, 1966), pp. 39-40.

<sup>2</sup>Appendix A, Draft By-laws of The Institute of Chartered Accountants of Alberta (mimeographed), approved by the Annual General Meeting, June 11, 1966, p. 8.

CHAPTER II

The first of the two main branches of the subject is the study of the history of the human mind. This branch is concerned with the development of the mind from its earliest stages to the present day. It is a study of the growth of the mind, of the changes which it undergoes, and of the factors which influence its development. The second branch of the subject is the study of the psychology of the human mind. This branch is concerned with the nature and functions of the mind, with the processes of thought, feeling, and action, and with the laws which govern these processes.

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## I. STATEMENT OF THE PROBLEM

The primary objective of this study is to provide a better understanding of the accounting profession in Alberta and the problems it must overcome in making the transition to a university prerequisite in 1970. Secondary objectives of this study fall into three categories: (1) to present data which might be useful to the Institute of Chartered Accountants of Alberta and their members in planning educational and training programs; (2) to present information which universities could use in deciding upon the need for, and the desirability of, undertaking the education of Chartered Accountants; and (3) to provide data which can be used in counselling enrolled students and those who might later enter articleship for the chartered accountancy appellation.

## II. REVIEW OF RELATED RESEARCH

Several studies have been made to enquire into one or more areas closely related to the present study. One of these studies was a survey of graduates who chose accounting as their field of concentration at the School of Business Administration, University of California, Los Angeles. This survey was conducted by Harry Simons and sought answers to the following questions:<sup>3</sup>

1. How can more young persons with high aptitude for accounting and business be attracted to studies leading to professional accounting?

---

<sup>3</sup>Harry Simons, Education for Accountancy, (Los Angeles: Bureau of Business and Economic Research, University of California, 1960), p. 13.





2. What preparatory program will best train the individual to carry out the social as well as technical responsibilities of professional accounting?
3. How can persons who have already achieved a place in the profession be retained within its services?

The following is a synopsis of the conclusions which Simon arrived at from the findings of his survey:<sup>4</sup>

1. College experiences were more significant than pre-college experiences in creating a first interest in accounting as a field for specialization.
2. Members of the accounting profession might take greater advantage of the opportunities afforded by the schools to inform students concerning the career possibilities offered by professional accounting.
3. The liberal arts background became increasingly important in business as one moved forward and found it necessary to assume broader responsibilities.
4. There was serious need for special training in the area of effective business communication; professional fulfillment was not possible without a command of the communication skills.
5. Expansion of the collegiate program for professional preparation to five years would permit important increases in liberal arts, business administration, and accounting studies.

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<sup>4</sup>Ibid., pp. 140-151.



6. Important contributions to learning can be provided by extensive and well-organized, professionally sponsored post qualification education programmes.
7. Retention of personnel in the profession can be achieved by:  
improving financial reward; regularizing the work load; improving conditions of work; and making the beginner a "professional associate."

In another related study, William J. Vatter conducted a survey to gather information about Accountancy Education in Australia. The objectives of the survey were:

To appraise the present functions performed and services rendered by accountants serving the community in various ways and the areas in which these functions and services are being extended and are likely to be extended in the future. This will establish the objectives of accounting education and professional training in terms of extant and future demands.

To evaluate the adequacy of existing courses of instruction available to students of accountancy, the nature and content of professional examinations and the extent of liberal education required, and to determine areas of improvement to meet both present and future needs. In the process, present and future goals and possible stages of transition will be suggested, rather than a pattern of education and training to which professional bodies and teaching institutions should immediately conform.<sup>5</sup>

The Vatter study, which was to help the accounting profession in Australia plan better educational programs, found:<sup>6</sup>

1. Professional fees and members' income levels are generally low.
2. The standards for admission to the profession are low.

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<sup>5</sup>William J. Vatter, Survey of Accounting Education in Australia, (Melbourne: Ramsay Ware Publishing Ltd., 1964), p. iii.

<sup>6</sup>Ibid., pp. 9-31.





3. The syllabi of the professional bodies is limiting teaching and writing progress and should be abolished.
4. The task of education for professional work might ideally be done in the universities.
5. There is a need for a specially designed form of aptitude testing to guide students into or out of accountancy.

A third study, entitled Graduates Articled in Chartered Accountancy, enquired into the training and experience obtained under articles by university graduates articled to Chartered Accountants in England and Wales in the years 1952 to 1963.<sup>7</sup>

The findings and recommendations of this Report showed that the system of educating and training university graduates in articles was unsatisfactory. Other findings were that (1) the training of university graduates in articles was carried out better by large firms; (2) the profession was not getting a large enough share of university graduates; (3) articled service consisted largely of straightforward work, under relatively little guidance from the principals to whom university graduates are articled to; and (4) there was considerable dissatisfaction with the correspondence courses offered.

Additional studies and reports which are related to this thesis are presented in Chapter II to provide a logical development of this study. They include:

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<sup>7</sup>B. J. Holloway, J. K. Hudson and N. T. Scott, Graduates Articled in Chartered Accountancy, (Nottingham: H. Jones & Sons Ltd., 1965), pp. 1-39.

1. The first part of the paper is devoted to a general discussion of the

main results of the paper and to a brief review of the literature.

2. The second part of the paper is devoted to a detailed discussion of the

main results of the paper and to a brief review of the literature.

3. The third part of the paper is devoted to a detailed discussion of the

main results of the paper and to a brief review of the literature.

4. The fourth part of the paper is devoted to a detailed discussion of the

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5. The fifth part of the paper is devoted to a detailed discussion of the

main results of the paper and to a brief review of the literature.

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main results of the paper and to a brief review of the literature.

10. The tenth part of the paper is devoted to a detailed discussion of the

main results of the paper and to a brief review of the literature.

11. The eleventh part of the paper is devoted to a detailed discussion of the

main results of the paper and to a brief review of the literature.

12. The twelfth part of the paper is devoted to a detailed discussion of the

1. Standards of Education and Experience for Certified Public Accountants, The Commission on Standards of Education and Experience for Certified Public Accountants, University of Michigan, Ann Arbor, Mich., 1956, pp. 1-139.
2. Report of the Committee on Education and Training, The Institute of Chartered Accountants in England and Wales, Moorgate Place, London, EC2, 1961, pp. 1-114.
3. T. A. M. Hutchison, Report of the Long Range Educational Policy Committee, The Institute of Chartered Accountants of Ontario, Toronto, Ontario, November, 1962, pp. 1-11.
4. Report to the Education and Examination Committee of the Provincial Institutes of Chartered Accountants, mimeographed report, Institute of Chartered Accountants, Toronto, Ontario, 1959.
5. Report on University Degree Requirements in 1970, The Institute of Chartered Accountants of British Columbia, Vancouver, B. C., March, 1966.

All of the previously mentioned studies are valuable in helping the profession and educators assess their approach to training and educating students in accounting. These studies were extremely helpful in conducting the present study, especially in the preparation of questionnaires. Notwithstanding valuable information presented in the studies mentioned, the need for a comprehensive survey relating specifically to Alberta provided the primary justification for this study.<sup>8</sup>

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<sup>8</sup>The need for a study of this nature is evidenced by the following item appearing on the front page of the September, 1965, C.A. Newsletter circulated to all the members of the Institute of Chartered Accountants of Alberta.

"The results . . . will be of considerable value to Council, the Long Range Educational Planning Committee and the Education Committee. Every member is therefore urged to co-operate fully by promptly completing and returning questionnaires that he receives in this connection."

The members and students of the Institute of Chartered Accountants of Alberta gave evidence of their interest in the study by the time devoted to the completion of the detailed questionnaires.

THE UNIVERSITY OF CHICAGO  
DEPARTMENT OF CHEMISTRY  
530 SOUTH EAST ASIAN AVENUE  
CHICAGO, ILL. 60607

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FROM: [Name] [Address] [City] [State] [Zip]

RE: [Subject]  
[Additional information]

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### III. METHODOLOGY

The primary method of research which formed the basis of this study was through the medium of two detailed questionnaires.<sup>9</sup> One questionnaire (hereinafter referred to as the "Practicing Offices" questionnaire) was sent to all offices listed as "Chartered Accountant(s)" in Alberta during 1965. The questionnaire was designed to solicit comments and data regarding (1) characteristics of practicing offices in Alberta; (2) personnel employed and required; and (3) views on educational courses, entrance requirements and methods of instruction.

A second questionnaire (hereinafter referred to as the "University Graduates in Articles" questionnaire) was mailed to university graduates who were under articles in Alberta between the years 1953 to 1964 inclusive. The primary objective of this questionnaire was to enquire into the education, training and experiences of university graduates in articles.

The "Practicing Offices" questionnaire was sent out September 13, 1965 and the "University Graduates in Articles" questionnaire was mailed on August 20, 1965. Replies received by November 1, 1965 were tabulated and included in the findings of this study.

### IV. TERMINOLOGY AND DEFINITIONS

Several of the terms used in this study are quite common in the accounting profession, but many people have slightly different interpretations of them. The definitions are presented here to provide all

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<sup>9</sup>The questionnaires used as a basis for this study are reproduced in Appendices B and C.



readers with a common conception of each term as employed in this thesis.

### Chartered Accountant

A Chartered Accountant is an accountant who, having met the statutory requirements of a province of Canada as to age, education, citizenship, good character and reputation, is permitted to call himself "Chartered Accountant" and use the initials "C.A." after his name. In this study, "public accountant," "practitioner" and "accountant in industry" are used interchangeably with the term "Chartered Accountant" and refer only to "Chartered Accountants."

### Auditor

An auditor is defined as a person who, in a professional capacity, examines or audits the records kept by others for the purpose of expressing an opinion as to the propriety of the records and the statements prepared from the records.

### C.A. Course of Instruction

The Courses of Instruction prescribed by the Council of the Institute of Chartered Accountants of Alberta.<sup>10</sup> For purposes of this study, the C.A. Course of Instruction refers to the lectures and correspondence studies offered by the Institute each week during the winter months.

### Accounting Major

A student who has completed a concentration of accounting study within the degree requirements of a University.

### Articles

Term of service or training in the offices of a practicing Char-

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<sup>10</sup>By-law 1(i), Appendix A.





tered Accountant before membership can be obtained as a Chartered Accountant.

## VI. ORGANIZATION OF THE THESIS

The body of the thesis is divided into nine chapters. Chapter II presents a review of recent developments in accounting education and training in the United States, England and Wales, and Canada. In Chapter III, the characteristics of Alberta practitioners are presented together with their opinions on educational matters and the problems they envisage with the transition to a university degree prerequisite in 1970. Chapters IV and V provide a description of the educational programme for students in articles and the characteristics of university graduates who were in articles in Alberta between 1953 and 1964, inclusive. Evaluations of the education and training received by university graduates while in articles, together with their suggestions for improvements to the C.A. Course of Instruction, are presented in Chapters VI and VII. An inquiry into the movement from public practice is the subject of Chapter VIII. The final Chapter presents the summary and recommendations based on the information presented in previous Chapters.

THEORY OF THE ...

CHAPTER I

THEORY OF THE ...

## CHAPTER II

### THE EVOLUTION OF THE ACCOUNTING PROFESSION

#### I. GROWTH OF THE ACCOUNTING PROFESSION

The growth of the accounting profession in the United States, United Kingdom and Canada has taken place almost entirely in the twentieth century. In the United States there were approximately 250 Certified Public Accountants in 1900; 50,000 by the end of 1954; and 75,000 in 1962.<sup>1</sup> The accounting profession in the United Kingdom had an equally vigorous growth from an estimated 5,000 members in 1900 to approximately 60,000 members in 1965.<sup>2</sup> The Canadian Institute of Chartered Accountants has experienced a similar growth; since its inception in 1903, it has grown to a membership of 15,000 in 1966.<sup>3</sup>

#### II. HISTORICAL DEVELOPMENT OF EDUCATION AND TRAINING

In the United Kingdom, admission to the profession has generally required an articled-clerkship under a qualified practitioner, coupled with completion of specified educational programs, usually of the correspondence type, and a series of examinations. Historically, this employment has taken the form of a contractual arrangement between practitioner and student involving the assumption of substantial respon-

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<sup>1</sup>Certified Public Accountants in Professional Societies, (New York: American Institute of Certified Public Accountants, 1963), p. 5.

<sup>2</sup>The Accountancy Profession in the United Kingdom, (London: The Institute of Chartered Accountants in England and Wales, September, 1966), p. 9.

<sup>3</sup>1965-66 Annual Report, (Toronto: The Canadian Institute of Chartered Accountants, 1966).

# 1. Introduction

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sibility on the part of the employer to participate in the training of the clerk.

In Canada, professional accountants have followed the British pattern and have placed major emphasis on practical experience as the primary avenue for admission into the profession. In both the United Kingdom and Canada, recognition has been given to the increased availability of formal educational programs by decreasing the examination and experience requirements for candidates who graduated from approved university programs.

The tendency to substitute educational requirements for practical experience has been most pronounced in the United States. In the early days of accountancy legislation in the United States, substantial reliance was placed upon practical experience as a method of qualifying for professional accounting. However, with the expansion and improvement of educational facilities, a shift in emphasis in the direction of formal general and technical education has occurred.

### III. RECENT DEVELOPMENTS IN ACCOUNTING EDUCATION

#### AND TRAINING IN THE UNITED STATES

##### Introduction

The idea of academic training for the accounting profession in the United States is not new. The American Institute of Accountants, through committees and its Council, recommended such training almost thirty years ago. The specific recommendation was the completion of a four-year undergraduate program in arts and science to be followed by graduate study designed to prepare the student for public accounting





practice. Although such a recommendation appeared desirable, it was not implemented. "On January 1, 1956, (twenty years later) only five states required general education beyond high school graduation."<sup>4</sup> While the recommendation for a four-year undergraduate arts and science program followed by graduate study in accounting was not made a requirement for professional accounting, there is evidence that university education is becoming an increasingly common requirement for Certified Public Accountancy (hereafter referred to as C.P.A.). For example, a survey of the educational requirements in June 1965 indicated that twenty-five states required or will shortly require a college degree prerequisite for the C.P.A. certificate.<sup>5</sup>

#### Report of the Standard Ratings Committee

Collegiate accounting programs in the United States have developed under many different circumstances and in many different types of educational institutions. The rapid development of college accounting programs led to good and bad curricula. At one extreme, schools set no practical limit on courses to be offered in accounting with most courses narrowly limited to vocational objectives. At the other extreme, there were schools which emphasized basic work in accounting principles and ignored applied courses. The American Accounting Association, formed in 1918 as the American Association of University Instructors in Account-

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<sup>4</sup>Standards of Education and Experience for Certified Public Accountants, (Ann Arbor, Bureau of Business Research, University of Michigan Press, 1956), p. 32.

<sup>5</sup>Edward S. Lynn (ed.), "Educational Requirements For The C.P.A. Certificate," The Journal of Accountancy, (September, 1965), p. 85.





ting, has been the most active of any of the interest groups in recommending desirable standards. After a five-year study, this Association published in 1954 the report of its Standards Rating Committee relating to the objectives of accounting education, standards for accounting teachers, and standards for the accounting phases of undergraduate study. The undergraduate curriculum recommended by this Committee includes three general classifications of academic courses:

1. Liberal, cultural and general non-business studies, approximately fifty per cent of the total curriculum.
2. General business studies, approximately twenty-five per cent of the total curriculum.
3. Accounting studies, approximately twenty-five per cent of the total curriculum.<sup>6</sup>

Report of the Commission on Standards of Education and Experience

In 1956, the Commission on Standards of Education and Experience for Certified Public Accountants sponsored by the American Institute of Certified Public Accountants (formerly the American Institute of Accountants) published its report setting forth recommendations pertaining to the education and training of C.P.A.'s. The essential purpose of the Commission was: "To provide legislative bodies and state boards with suggested minimum educational and experience prerequisites for accreditation of C.P.A.'s."<sup>7</sup> The Commission's basic recommendations for the preparation of individuals for entry into the profession as

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<sup>6</sup>"Report of Standards Rating Committee," The Accounting Review, (January, 1954), p. 43.

<sup>7</sup>Standards of Education and Experience for Certified Public Accountants, op. cit., p. viii.



C.P.A.'s, are described under the following headings:

1. College graduation.
2. A qualifying examination.
3. A professional academic program.
4. An internship program.
5. The Uniform C.P.A. Examination.

College graduation. The Commission considered that completion of a college program leading to the baccalaureate degree, which included a substantial amount of general and cultural courses, was a necessary prerequisite to further training for public accountancy as a C.P.A. The Commission also recognized that the study of accounting, auditing, commercial law, finance and other related subjects of business administration was an important part of the education of a C.P.A. College graduates who have majored in fields other than accounting, such as arts, science, or engineering, may also become capable C.P.A.'s, providing that the equivalent of an accounting major (including accounting, auditing, commercial law and related courses in business administration) is completed subsequent to graduation.

A qualifying examination. Because of the variations in intellectual capacity of individual graduates and in quality of programs at individual colleges, the Committee felt there was need for a method of appraising the intellectual capacity and aptitude of college graduates and the quality of accounting programs which they completed.

The Commission recommended that nation-wide examinations be devised which would test the college graduate's intellectual capacity, his academic achievements, and his aptitude for public accountancy. The





primary purpose of the examination would be to assist educational institutions in selecting individuals who have the capacity and aptitude to undertake the training to be provided through the proposed professional programs.

A professional academic program. The Commission recommended the establishment of professional academic programs, within the framework of Schools of Business Administration, designed to train individuals for public accountancy. The Commission was not recommending the requirement of another year of academic study which would be comparable to that provided in undergraduate programs or existing Master's degree programs, but the development of a type of professional curriculum which would be new in accounting but tested for generations in other professions. The Commission did not propose a detailed curriculum for the recommended professional program, but suggested that the following areas of study be included:

- (a) oral and written communication;
- (b) auditing and other phases of the practice of public accountancy such as:
  - (i) auditing principles and standards,
  - (ii) taxes,
  - (iii) accounting systems and controls,
  - (iv) standards of professional conduct,
  - (v) administration of a public accounting practice;
- (c) accounting principles and their application;
- (d) business policy;
- (e) other areas of study.





An internship program. The Commission recognized the value of practical experience in the training of a public accountant, but it believed that from a long-run standpoint, most of such experience should come after the individual has met the prerequisites for the profession through the formal education process and satisfactory completion of the C.P.A. examination. The Commission considered some exposure to actual accounting operations and procedures as a highly desirable part of the formal education of an individual interested in public accountancy.

The Uniform C.P.A. Examination. The Commission regarded the C.P.A. examination as an essential factor in qualifying individuals as C.P.A.'s. It also recommended, as a long-range goal to become effective as professional academic programs are developed, that individuals be admitted to the C.P.A. examination upon completion of the recommended educational preparation.

#### Sequence of Steps in the Transitional Period

The implementation of the Commission's recommendation would have involved many problems because at the time of the study in 1956, the most common educational requirement was high school graduation or its equivalent. In order to avoid the many difficulties involved in enacting the necessary legislation in each state, the Commission suggested the following steps be taken in successive intervals of several years each:

First, two years of college study without specification of the curriculum;

Second, two years of college study and, in addition, the equivalent of an accounting major, including related courses in other areas of business administration;

Third, four years of college study with a major in accounting; or a nonaccounting major supplemented by the equivalent of an accounting



major, including related courses in other areas of business administration.<sup>8</sup>

### Carnegie Corporation and Ford Foundation Studies

The reports of both Gordon and Howell<sup>9</sup> and Pierson,<sup>10</sup> financed by the Ford Foundation and Carnegie Corporation, respectively, were critical of the recommendations in the Report of Standards Rating Committee. Gordon and Howell did not believe that the undergraduate school was the place for specialization in accounting or any other field.

. . . that the undergraduate schools require no "field of concentration" at all, although it is desirable to permit the student to have a few business electives, to be chosen from a modest array of broad courses and seminars made available beyond the core. The number of business electives should be small and would depend in part on the amount of time that is absorbed by the core of required subjects.<sup>11</sup>

With respect to professional programs, however, it was quite clear that Gordon and Howell supported the proposed professional program recommended by the Standards of Education and Experience Commission.

There is a growing recognition that the necessary business fundamentals and general education and also the needed accounting training cannot both be crammed into the "four year box." To attempt to do so is to deny the justification for the privileged professional status which public accounting otherwise has the right to claim for itself. (italics added). Under no circumstances should an undergraduate business school undertake to prepare students for the C.P.A. examinations by the time they receive their Bachelor's degree. Preparation for a career in public accounting should require a minimum of five years, under either a "three-two" or the more conventional "four-one" arrangement. Fortunately,

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<sup>8</sup>Ibid., p. 138.

<sup>9</sup>Robert A. Gordon and J. E. Howell, Higher Education for Business, (New York: Columbia University Press, 1959).

<sup>10</sup>Frank C. Pierson and others, The Education of American Businessmen, (New York: McGraw-Hill Book Company, Inc., 1959).

<sup>11</sup>Gordon and Howell, op. cit., p. 135.





the leaders in the profession have arrived at this conclusion and are presently engaged in the necessary missionary work.<sup>12</sup>

#### The Common Body of Knowledge for C.P.A.'s

A three-year, \$100,000 study, financed by the Carnegie Corporation and the American Institute of Certified Public Accountants, to determine what the beginning C.P.A. should know will not be published until 1967. However, a preview of the summary and conclusions of that study has been printed.<sup>13</sup> While the preview does not recommend a specific syllabus or educational program, it does stress the need for graduate study and an augmentation of professional development especially in the areas of computer science, mathematics, statistics and probability theory.

#### IV. RECENT DEVELOPMENTS IN ACCOUNTING EDUCATION AND TRAINING IN THE UNITED KINGDOM

In August, 1956, the Institute of Chartered Accountants in England and Wales appointed a Committee to study education and training of articled clerks. The Committee's Terms of Reference were:

. . . to consider the education and training appropriate for entrance to the profession, the existing arrangements and facilities therefore, and the changes, if any, which should be made so as to ensure the provision of an adequate supply of trained candidates suitable in all respects for admission to membership of the Institute; and to make recommendations.<sup>14</sup>

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<sup>12</sup>Ibid., p. 214.

<sup>13</sup>Robert H. Roy and James H. MacNeill, "Horizons for a Profession: The Common Body of Knowledge," The Journal of Accountancy, (September, 1966), pp. 38-50.

<sup>14</sup>Report of the Committee on Education and Training, (London: The Institute of Chartered Accountants in England and Wales, 1961), p. 7.





The salient features of existent arrangements for admission to membership in England and Wales (in 1956) included:

1. five years (three years for university graduates) under articles to a member in practice,
2. successful completion of intermediate and final examinations,
3. study for examinations by correspondence courses.

The Committee reported that there were three essential requirements for admission to membership in their Institute. The prime requirement was a good liberal education in which the candidate developed, in ethics, outlook and conduct, the characteristics appropriate to membership in the Institute. The two other essential requirements were: (1) that the candidate have a basic theoretical knowledge of all aspects of the work of the profession; and (2) that he have sufficient practical experience in professional work to develop method, versatility and powers of judgement that would demonstrate that he was capable of carrying out professional work in a manner which upholds the standards of the profession. The report concluded that the first and last of the three requirements could best be met through professional upbringing, mainly by members in practice. With respect to theoretical knowledge of all aspects of the work of the profession, the Committee felt that studies should continue on a basis of private reading (and writing) under general guidance. They recognized that correspondence courses have inevitable defects, but the Committee did not believe that changes were feasible, even if they were desirable.

Despite strong pressures from the Association of University Teachers of Accounting urging the profession to take a greater part in the rapidly expanding provision of university education in Britain, the most the Commit-



tee could recommend was that local educational institutions might provide courses (of not more than three weeks duration) to assist students in their studies for the intermediate and final examinations. While the recommendations of the Committee were criticized for not looking to the universities for more formal academic education, its view of professional development is supported, in part, by the most recent United States' study. In the preview summary and conclusions of their study on The Common Body of Knowledge for C.P.A.'s, Dean Robert H. Roy and Professor James H. MacNeill state:

The most important and significant aspects of a C.P.A.'s services to his clients and to the public cannot be defined as knowledge, nor even as experience, but must be described by more elusive terms: wisdom, perception, imagination, circumspection, judgement, integrity . . . these and other attributes like them are qualities, not definable as knowledge but inherent in individuals. Without them a C.P.A. can be nothing more than a technician, regardless of the scope of his knowledge; possessing these attributes plus requisite knowledge, he is a professional.<sup>15</sup>

## V. RECENT DEVELOPMENTS IN ACCOUNTING EDUCATION

### AND TRAINING IN CANADA

#### National Developments

In 1958, the Provincial Institutes of Chartered Accountants appointed a Sub-Committee to study the education and training of students-in-accounts. The Committee presented its first report, commonly referred to as the Martin Report, in August, 1959.<sup>16</sup> Unlike its British counter-

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<sup>15</sup>Roy and MacNeill, op. cit., p. 38.

<sup>16</sup>Report to the Education and Examinations Committee of the Provincial Institutes of Chartered Accountants, (Toronto: The Canadian Institute of Chartered Accountants, August, 1959).





part, which recommended that no changes were required, the Martin Report recommended that a university degree become a prerequisite for entrance into articles commencing in 1970. The report stated that it would be desirable, from a reciprocal point of view, if all Provinces reached this point concurrently. There were six principal reasons advanced for recommending a university degree prerequisite.

1. Broader background in general,
2. Better reasoning power and adaptability,
3. Exposure to university life,
4. Screening of applicants,
5. Better relations with future supply source,
6. Professional recognition.<sup>17</sup>

The Long-Range Educational Planning Committee presented its second report in August, 1960, with the following specific proposals:

1. Only those applicants who provide evidence that they have obtained, as a minimum, a baccalaureate degree from a recognized Canadian University, or equivalent, will be accepted as students-in-accounts after December 31, 1969. The exception to this proposal would be in instances where Provincial Institutes may provide programs whereby students-in-accounts pursue concurrently the objectives of a university degree and admission as a Chartered Accountant. All students commencing such a program after December 31, 1969, must submit evidence that they have attained a baccalaureate degree before they will be admitted to membership.
2. Where students-in-accounts are accepted after December 31, 1969, the minimum period of practical training will be two years.
3. All students will continue to be required to complete successfully the uniform final examinations.
4. Each Provincial Institute is requested to make a decision on these recommendations and report the decisions to the Provincial Institutes' Committee on Education and Examinations before the Committee's 1961 meeting.<sup>18</sup>

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<sup>17</sup>Explanations and details supporting each reason are reproduced in Appendix E.

<sup>18</sup>Report to the Education and Examination Committee of the Provincial Institutes of Chartered Accountants, (Toronto: The Canadian Institute of Chartered Accountants, August, 1960), pp. 1-2.





At the August, 1961 meeting of the Education and Examination Committee of the Provincial Institutes of Chartered Accountants, delegates from each of the Provincial Institutes reported that their Councils had approved the 1960 proposals in principle. However, no Institute was prepared to make a by-law change requiring a university prerequisite by 1970 until practicability and feasibility studies could be undertaken.<sup>19</sup>

### Provincial Studies

Ontario. Ontario, the Provincial Institute having the largest membership, (5,824 of 13,555 - Table I) and number of students (2292 of 5908 - Table II) provided the leadership in undertaking special studies. Mr. T. A. M. Hutchison, FCA, presided over a Committee which submitted a formal report in November, 1962. The Terms of Reference provided to the Committee were:

1. To consider the qualifications with which future members of the Institute should be equipped on admission to membership.
2. From this to determine what minimum basic education is required of the candidates seeking to become members and what added skills and knowledge are to be provided by the Institute.
3. To consider the various methods of study which might be utilized to impart the knowledge which the Institute proposes to add and to report what appears to be the most suitable method.
4. If considered helpful in its studies, to develop an estimate of the requirements for chartered accountants both in public practice and in industry during the next twenty years.<sup>20</sup>

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<sup>19</sup>Report to the Education and Examinations Committee of the Provincial Institutes of Chartered Accountants, (Toronto: The Canadian Institute of Chartered Accountants, August, 1961).

<sup>20</sup>T. A. M. Hutchison, Report of the Long-Range Educational Policy Committee, (Toronto: The Institute of Chartered Accountants of Ontario, November, 1962), p. 3.



TABLE I

## THE CANADIAN INSTITUTE OF CHARTERED ACCOUNTANTS MEMBERSHIP SUMMARY APRIL 30, 1965

Institute of Affiliation+	Public Practice			Industry and			Total		
	Sole Practitioner	Partner	Employee	Commerce	Government	Education			
British Columbia	80	327	208	422	131	26	32	36	1,262
Alberta	#	306	171	391	122	14	-	16	1,020
Saskatchewan	43	104	65	143	66	15	23	14	473
Manitoba	53	193	121	423	104	6	-	38	938
Ontario	#	1,575	957	2,388	736	*	-	168	5,824
Quebec	284	1,056	532	1,256	332	47	47	54	3,608
New Brunswick	9	37	19	33	8	3	-	-	109
Nova Scotia	20	68	45	67	21	10	2	5	238
Prince Edward Island	3	4	4	4	3	-	-	2	20
Newfoundland	-	29	7	17	7	1	-	2	63
Total	492	3,699	2,129	5,144	1,530	122	104	335	13,555

+Only the first Institute of affiliation is tabulated when a member belongs to more than one.

#Included in "Partner."

\*Included in "Government."

Source: Annual Report 1964-65 (Toronto: The Canadian Institute of Chartered Accountants, April 1965).



TABLE II

## THE CANADIAN INSTITUTE OF CHARTERED ACCOUNTANTS STUDENT SUMMARY APRIL 30, 1965

Institute	First	Second	Third	Fourth	Fifth	Total*
British Columbia	108	84	97	129	147	565
Alberta	88	69	102	131	117	507
Saskatchewan	59	29	39	29	30	186
Manitoba	100	104	142	76	94	516
Ontario	367	344	397	611	573	2,292
Quebec	146	198	285	263	493	1,385
New Brunswick	22	21	14	30	14	101
Nova Scotia	56	41	36	55	40	228
Prince Edward Island	5	1	5	3	5	19
Newfoundland	30	18	17	19	25	109
Total	981	909	1,134	1,346	1,538	5,908

\*Does not include students who are registered in a preliminary year or who have not started the course of studies as follows: B. C., 65; Alta., 123; Sask., 8; Que., 11; N. S., 2.

Source: Annual Report 1964-65, (Toronto: The Canadian Institute of Chartered Accountants, April, 1965).







On the basis of their study and representation made to their Committee, the following conclusions were reported:

1. That the desirable qualifications prerequisite to admission to membership are:
  - (a) Good moral character
  - (b) Better than average intelligence
  - (c) A reasonably broad basic education
  - (d) Knowledge of general business subjects
  - (e) Expert proficiency in accounting and auditing
  - (f) Practical experience in public accounting
2. That a baccalaureate degree from a Canadian University, or the equivalent, should be regarded as the entrance level to be achieved at some future time without specifically setting a date.

That a university level of education as an entrance requirement should not be considered practicable until the proportion of university graduates entering training has become a substantial majority, possibly in the range of seventy to seventy-five per cent, of total intake.

3. That consideration be given to carrying out the instruction of students by a combination of correspondence courses, guided readings and summer schools.<sup>21</sup>

The Committee did not develop estimates of the requirements for Chartered Accountants both in public practice and in industry over the next twenty years because it came to the conclusion that:

. . . estimates of this kind could be so inconclusive, because of changes in methods of conducting business both in the profession and industry, and open to such great variation depending on the economic circumstances in Canada, that it was not justified in having such estimates prepared.<sup>22</sup>

Encouraged by the increasing entrance of university graduates into articles, (fifty-two per cent in 1965)<sup>23</sup> the Ontario Institute has

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<sup>21</sup>Ibid., p. 11

<sup>22</sup>Ibid., p. 3.

<sup>23</sup>Report on University Degree Requirement in 1970, (Vancouver: The Institute of Chartered Accountants of British Columbia, March, 1966), p. 19.



commissioned Dr. W. A. Mackintosh, former principal of Queen's University, to undertake a thorough study of the entire education, instruction, training and examination of students, including the impact of the increasing number of university business administration courses on the traditional role of the Institute.<sup>24</sup>

At the most recent meeting of the Inter-Provincial Education Committee, the Ontario delegate stated:

Assuming that the Mackintosh Commission does not report anything contrary to the Institute's thinking with respect to the university degree prerequisite, there seems to be no reason to suppose that 1970 will not be the effective date.<sup>25</sup>

British Columbia. In May, 1965, the Institute of Chartered Accountants of British Columbia, third largest Provincial Institute, (1,262 of 13,555 members - Table I) circulated to its membership a copy of A Blueprint on Education for the Profession Within the Province of British Columbia.<sup>26</sup> The "Blueprint" states that the Council of the Institute of Chartered Accountants of British Columbia remains convinced that the adoption of a university degree as a minimum entrance requirement for prospective students is necessary for the chartered accountancy profession. Further, that the Council accepts 1970 as being the desirable year of transition. Additional delay after that year would excessively prolong development which has already been over

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<sup>24</sup>It is expected that Dr. Mackintosh's Report will be completed by March, 1967.

<sup>25</sup>Minutes of the Inter-Provincial Education Committee Meeting, (Toronto: The Canadian Institute of Chartered Accountants, June, 1966), p. 5.

<sup>26</sup>A Blueprint on Education for the Profession Within the Province of British Columbia, (Vancouver: The Institute of Chartered Accountants of British Columbia, May, 1965).





ten years in gestation. In the "Blueprint," the British Columbia Council announced that a special meeting will be called October or November of 1965<sup>27</sup> to recommend the following to members for endorsement:

That in 1970 and thereafter all new students seeking articles must possess as a minimum a first degree of a recognized university (Canadian or foreign).

That a first (undergraduate) degree, or higher degree, in any discipline will be accepted, but that certain courses (or their equivalents) which will be prescribed from time to time, (but well in advance), will need to be included either in the courses or the degree itself, or obtained subsequently in a manner satisfactory to Council prior to graduation as a Chartered Accountant. (The courses contemplated are in such subject areas as English, Economics, Mathematics, Statistics).

Admission of students to four or five years of articles will cease after 1969.<sup>28</sup>

As a means of attaining the 1970 objective, the British Columbia Council suggested that firms of Chartered Accountants undertake to recruit, as a minimum, certain percentages of university graduates as new articulated students as follows: in 1966, 20%; 1967, 40%; 1968, 60%; 1969, 80%.

The primary purpose of circulating the "Blueprint" to its membership was to set out the policy and program of Council on the educational changes it endorses. Members were invited to submit comments on the "Blueprint" so that Council could become acquainted with their views.

In March, 1966, the Long-Range Educational Planning Committee submitted its Report to the Council of the Institute of Chartered

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<sup>27</sup>No special meeting was held in 1965, but the by-law change requiring a university prerequisite was approved at the Annual Meeting in June, 1966.

<sup>28</sup>Blueprint, op. cit., p. 3.





Accountants of British Columbia. The Committee could see no reason to depart from the proposals of the "Blueprint" and recommended that the By-laws of the Institute be changed at the Annual General Meeting in June, 1966, to accommodate the following:

In 1970 and thereafter, all new students seeking articles must possess, as a minimum, a first degree of a recognized university (Canadian or foreign). Admission of students to four and five years of articles shall cease after 1969.<sup>29</sup>

At the Annual General Meeting held June 10, 1966, the membership of the British Columbia Institute approved a by-law change requiring a university prerequisite for all students entering articles after January 1, 1970.

Alberta. Alberta, with the fourth largest membership, (1,020 of 13,555 members - Table I) followed an approach different from that of Ontario and British Columbia in studying the recommendations of the "Martin Report." At the 1965 Annual General Meeting, a panel discussing "The 1970 Transition to a University Prerequisite" was the headline attraction. The interest in the topic was attested by the largest attendance ever at an Annual General Meeting. The keynote speaker of the panel was Mr. T. A. M. Hutchison (Chairman of the original Ontario Study). Members actively participated in the discussions and little doubt remained that they were all aware of the importance and implications of the transition.

As a follow-up to the panel discussion, Eric Geddes, FCA, (immediate past President of the Institute of Chartered Accountants of Alberta),

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<sup>29</sup>Report on University Degree Requirement in 1970, (Vancouver: The Institute of Chartered Accountants of British Columbia, March, 1966), p. 1.



was asked to chair an "Implementation Committee." The Committee was asked to tour the province and hold meetings at the local levels to determine what problems would be involved in the transition, and to make recommendations to Council regarding the date a by-law change requiring a university prerequisite should be made.

Based on the findings from their meetings and to some extent the findings of the surveys herein reported, the Implementation Committee recommended that a by-law change requiring a university degree prerequisite be made at the June, 1966, Annual General Meeting.

The efforts of the Committee were well rewarded when the membership of the Alberta Institute of Chartered Accountants on June 11, 1966 unanimously approved the following by-law change:

On or after the 1st day of September, 1970, no student shall be accepted for registration pursuant to By-law 34<sup>30</sup> unless he possesses as a minimum educational qualification, a baccalaureate degree of the University of Alberta or the University of Calgary or the equivalent as certified by the University of Alberta.

During the year commencing on the 1st day of September 1969 and ending on the 31st day of August, 1970 there may be registered pursuant to By-law 34 not more than one student not possessing the aforesaid educational qualifications for each member practising as a public accountant in such office.

During the year commencing the 1st day of September, 1968 and ending the 31st day of August, 1969 there may be registered pursuant to By-law 34 not more than two students not possessing the aforesaid educational qualifications for each member practising as a public accountant in such office.<sup>31</sup>

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<sup>30</sup>By-law 34 is reproduced in Appendix A.

<sup>31</sup>Draft by-law changes of The Institute of Chartered Accountants of Alberta (mimeographed), approved by the Annual General Meeting, June 11, 1966.





Other Provinces. It is difficult to assess the progress of other Provincial Institutes in meeting the 1970 deadline as recommended by the "Martin Report" because of the lack of studies undertaken by other provinces. However, the progress reports of Provincial delegates at the most recent Inter-Provincial Education Meeting indicate that steps are being taken and progress is being made.<sup>32</sup>

Saskatchewan. Changes were made in 1966 so that the university degree prerequisite is now part of the by-laws and will be implemented beginning with students registering in 1970.

Manitoba. The university degree prerequisite was thoroughly discussed at the 1966 Annual Meeting and it is expected that a by-law change requiring a university prerequisite will be placed before the members at the 1967 Annual Meeting.

Quebec. A great deal of work has been done in this area but the Quebec Institute had nothing definite to report as at June, 1966. Although a date has not been set for proposing the by-law change, 1970 is still the target date for implementation.

New Brunswick. The Maritime Provinces are working together in considering the problems of implementing the university degree prerequisite. Representatives feel that the 1970 date is still practicable and the New Brunswick Institute is working towards this goal.

Nova Scotia. Representatives of this Institute believe that it would be very difficult for their Institute to meet the 1970 date, although this will continue to be a goal.

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<sup>32</sup>Minutes of the Inter-Provincial Education Meeting, (Toronto: The Canadian Institute of Chartered Accountants, June, 1966).





Prince Edward Island. Prince Edward Island is working towards the target date of 1970.

Newfoundland. The major problem in Newfoundland, as in other Provinces, is the supply of university graduates. Hopefully, the 1970 target date may be met, although the Institute is not optimistic about the probability of achieving it.

## VI. SUMMARY

Accountancy is a practical profession. No one could claim that experience is unimportant, let alone unnecessary, in the training of an accountant. Experience, however, though it often teaches well, teaches slowly. In addition, the profession's interests have become so wide that experience alone cannot provide the all-round standard of knowledge and competence required in accountancy.

While the British have been reluctant to subrogate practical experience with formal education, there has been a growing tendency to substitute formal education for practical experience in Canada and the United States. This tendency has been most pronounced in the United States where a university degree requirement for entrance into the accounting profession has been enacted by twenty-five states.

The recommendations of the Martin Report, "that a university degree become a prerequisite for entrance into articles in Canada commencing in 1970," was adopted in principle by all Provincial Institutes of Chartered Accountants. To date, only Alberta and British Columbia have made the necessary by-law changes to enact the recommendations but there are strong indications that the majority of the remaining provinces



will meet the 1970 deadline date.

The remainder of this study concentrates on the implementation of the university degree prerequisite in Alberta. More specifically, emphasis is placed on the effect of the transition on the practitioner and the Institute's educational programme.



## CHAPTER III

### SURVEY OF PRACTICING OFFICES

#### I. INTRODUCTION

By-laws 34 to 40 and Schedules A and B of the By-laws of the Institute of Chartered Accountants of Alberta prescribe the educational, practical experience, and examinations requirements for admission to membership in the Institute of Chartered Accountants of Alberta.<sup>1</sup> According to Schedule A of the by-laws, admission to membership requires a specified period of service under articles to a practicing Chartered Accountant.

Since Chartered Accountants in public accounting practice are the only members permitted to provide practical experience, they have come to rely on students as a source of their staff requirements. The prerequisite of a university degree for admission into articles commencing in 1970 could and very likely will limit the source of staff for some practicing offices.

#### II. NEED FOR A SURVEY

To ascertain, and provide an understanding of, the problems which will be encountered by Alberta practitioners in making the transition to a university degree prerequisite, a questionnaire was prepared and submitted to partners in all Alberta practicing offices.<sup>2</sup> The ques-

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<sup>1</sup>These by-laws and schedules are reproduced in Appendix A.

<sup>2</sup>Appendix B.





tionnaire was designed to furnish information concerning:<sup>3</sup>

1. characteristics of public accounting practices in Alberta,
2. difficulties encountered in staffing offices in 1965,
3. estimated future staff requirements,
4. satisfaction with students employed,
5. views on the transition to a university degree prerequisite,
6. problems anticipated in making the transition from a high school senior matriculation requirement to a university degree prerequisite.

### III. CIRCULARIZATION AND RESPONSE

Tables III and IV present the response to the questionnaire sent to all practicing offices in Alberta, classified by type of practice and location of office.

TABLE III

#### CIRCULARIZATION AND RESPONSE OF PUBLIC ACCOUNTING

PRACTITIONERS, SUMMER, 1965, BY TYPE OF PRACTICE

Type of Practice	Questionnaires Mailed	Questionnaires Returned	Percentage Response
Local, one office only	118	70	60
Provincial	20	16	80
National	10	8	80
International	10	10	100
Other*	3	3	100
Total	161	107	66

\*This category includes firms that have more than one office but do not have Provincial coverage.

<sup>3</sup>It should be noted that the questionnaire and responses to it were completed prior to the passage of the by-law requiring a university degree after 1970.



TABLE IV

CIRCULARIZATION AND RESPONSE OF PUBLIC ACCOUNTING PRACTITIONERS,  
SUMMER, 1965, BY LOCATION OF OFFICE

Location of Office	Questionnaires Mailed	Questionnaires Returned	Percentage Response
Edmonton or Calgary	111	74	67
Other	50	33	67
Total	161	107	67

IV. THE GENERAL CHARACTERISTICS OF ALBERTA

CHARTERED ACCOUNTANCY OFFICES

Location

Table V shows that more than three-quarters of all firms reporting are located in cities. In fact, more than two-thirds of all firms are within the cities of Edmonton and Calgary. No national or international partnerships are found outside the cities of Edmonton or Calgary. The typical Alberta Chartered Accountant's office is a local, one office firm.

Educational Status of Students Employed

Table VI indicates the types of students employed by offices in the various locations of Alberta. Of the 106 offices which replied, only twenty-three hired Bachelor of Commerce (hereafter referred to as B.Comm.) accounting majors; twenty-five offices engaged university graduates with other degrees; and seventy-two offices employed high-school matriculants as articling students. It is noteworthy that only two of the twenty-three offices which employed B.Comm. accounting major





TABLE V

## CHARACTERISTICS OF OFFICES PRACTICING CHARTERED ACCOUNTANCY IN ALBERTA DURING 1965

Type of Office	Edmonton or Calgary	Lethbridge Medicine Hat or Red Deer	Location					Total #	Total %
			Community Population						
			10,000 - 15,000	5,000 - 10,000	1,000 - 5,000	Under 1,000			
Local, one office only	45	8	1	3	11	1	69	65	
Provincial	10	-	1	1	4	-	16	15	
National	8	-	-	-	-	-	8	8	
International	10	-	-	-	-	-	10	9	
Other	1	-	-	-	2	-	3	3	
Total*	74	8	2	4	17	1	106	100	
Percentage	70	7	2	4	16	1	100%		

\*One reply from the "local, one office only" category did not complete the community description question; as a result only 106 community descriptions are given.



TABLE VI  
EDUCATIONAL STATUS OF STUDENTS EMPLOYED  
BY ALBERTA PRACTICING OFFICES IN 1965

Location of Offices	Number of Offices Employing					
	B.Comm. Acctg.		Other		High School	
	Major		Degree		Matriculation	
	#	%	#	%	#	%
Edmonton or Calgary	21	92	24	96	52	72
Lethbridge, Medicine Hat or Red Deer	1	4	1	4	6	9
Community Population -						
10,000 - 15,000	0	0	0	0	2	2
5,000 - 10,000	0	0	0	0	3	4
1,000 - 5,000	1	4	0	0	9	13
Total	23	100	25	100	72	100
Percentage of total offices	19		21		60	



graduates and one out of twenty-five offices that employed other degree graduates were located outside Edmonton or Calgary. (These offices employed a total of three graduates - Table VII.) It would appear that offices outside Edmonton and Calgary are not recruiting at universities or are having difficulty inducing university graduates to train in smaller centers. It may also be that services required in smaller centers do not require students with a university background. With 1970 adopted as the date for the transition to a university prerequisite, it is obvious from Table VI that a very large number of offices will have to change their source of staff from high school matriculants to university graduates or non-articling staff.

#### Distribution of Personnel by Communities

Respondents from practicing offices were requested to submit the number of personnel in their office as of September 5, 1965, one day after the results of the 1965 Uniform Final Examinations were made known to them. Table VII indicates that the greatest number of personnel were located in Edmonton or Calgary (eighty-two per cent). Table VII tends to disprove the accusation frequently made by some people that Chartered Accountants rely solely on their students to get their work done. As indicated by the Table, only thirty-nine per cent of the personnel are students; the remaining sixty-one per cent are senior accountants and other staff. An interesting aspect noted in Table VII is the employment of non-student staff (accounting and auditing clerks, hereafter referred to as "other client staff") in the various locations. Practitioners whose offices were located in centers outside





TABLE VII

NUMBER OF PERSONNEL IN ALBERTA PRACTICES IN 1965  
(BY LOCATION OF COMMUNITY)

Personnel	Location											
	Lethbridge			Community Population								
	Edmonton or Calgary	Med. Hat or Red Deer		10000-15000	5000-10000	1000-5000	Under 1000	Total				
	#	%	#	#	%	#	%	#	%	#	%	%
Partners	192	21	19	28	5	35	22	22	1	33	244	21
C.A.'s	147	16	1	1	0	0	2	9	2	0	152	13
<u>Students</u>												
B.Comm.Acctg.Major	82	9	1	1	0	0	0	1	1	0	84	7
Other Degree	48	5	1	1	0	0	0	0	0	0	49	4
High School	241	26	25	37	4	29	7	30	28	29	305	28
Other Client Staff	81	8	11	16	1	7	5	22	29	30	128	11
Other Admin. Staff	141	15	10	16	4	29	4	17	16	16	176	16
Number	929	100	68	100	14	100	23	100	98	100	1138	100
Percentage of Total	82		6		1		2		9		100	



of Edmonton and Calgary employed forty-seven of the 128 "other client staff," but only five of 132 Chartered Accountants (excluding partners) engaged in public practice. It is obvious from Table VII that practitioners in smaller centers are utilizing non-student technical staff to a proportionately larger degree than their city counterparts.

The conclusion that great strides will have to be taken to accomplish the transition to a university degree prerequisite by 1970 is supported by the data presented in Table VII. In 1965, respondents reported that there were 305 high school matriculants in Alberta practicing offices and only 133 university graduates, or a ratio of about two-and-one-half high school matriculants to one university graduate.

#### Types of Practices Employing Personnel

The results of Table VIII lead to a refinement of the conclusions reached in analysing the data on Table V. In considering numbers of offices, the conclusion was that the typical practicing office in Alberta was a single office practice. However, by weighting each office by the number of personnel on staff as is done in Table VIII, it becomes apparent that the local, single office practices employ less than half of the personnel contributing to public practice in Alberta.

The results of Table VIII enable additional elaborations to the conclusions drawn from Table VII. First, not only are Chartered Accountants employed by practitioners in Edmonton and Calgary (Table VII) but also a large majority are employed by the larger firms. Only thirty-five of the 152 Chartered Accountants employed by practicing firms were employed by single office practices (Table VIII). Second, since eighty-





TABLE VIII

NUMBER AND TYPES OF PERSONNEL EMPLOYED BY PRACTICING OFFICES  
(BY TYPE OF PRACTICE)

	Type of Practice										Total
	Single Office #	%	Provincial #	%	National #	%	International #	%	Other #	%	
Partners	141	27	48	22	26	16	26	11	3	30	244 21
Chartered Accountants	35	7	22	10	39	23	56	25	0	0	152 13
<u>Students</u>											
B.Comm. Acctg. Majors	5	1	19	9	28	17	32	14	0	0	84 7
Other Univ. Degree	7	1	7	3	12	7	23	10	0	0	49 4
High School	156	30	70	33	28	17	49	21	2	20	305 28
Other Client Staff	85	17	20	9	9	5	11	5	3	30	128 11
Other Administrative Staff	85	17	31	14	25	15	33	14	2	20	176 16
Total	514	100	217	100	167	100	230	100	10	100	1138 100
Percentage of Total	45		19		15		20		1		100 9



five of the 128 "other client staff" are employed by single office practices, (Table VIII) we can conclude that "other client staff" are utilized to a greater extent not only in smaller centers (Table VII) but also by smaller practices.

It is apparent from Tables VI and VII that the majority of university graduates in articles are employed by firms located in Edmonton or Calgary. Table VIII provides a further analysis to determine what types of firms are hiring university graduates. The practitioners with single office practices which accounted for sixty-five per cent of the offices in Alberta employed only five of the eighty-four B.Comm. accounting major students in articles during 1965. The same offices engaged seven of the forty-nine other university degree students in articles during 1965. In comparison, 156 of the 305 high school matriculants in articles during 1965 were articulated with practitioners in single office practices. Again, it may be restated that the problems associated with the transition to a university degree prerequisite in 1970 will be encountered not only by practitioners in the smaller centers as shown by Table VII but also by the practitioners with single office practices including those who are in the cities of Edmonton and Calgary.

#### V. DIFFICULTIES ENCOUNTERED IN STAFFING OFFICES IN 1965

A basic problem in meeting the demand for public accounting services is the recruitment of a sufficient number of employees. Accountants in Alberta have been concerned for some years with the need to interest capable young people having an aptitude for accounting to pursue chartered accountancy. In recent years the Institute of Chartered Accountants





of Alberta, through its Committees, has conducted well-organized campaigns to inform high school and university students of the nature of public accounting work and of the opportunities it presents.

Part of the questionnaire addressed to Chartered Accountants in public practice was designed to determine if practitioners were encountering difficulties in staffing their offices in 1965. Their responses are summarized in Tables IX, X and XI.

#### Analysis By Type of Practice

The vertical columns of Table IX are the summarized responses of practitioners for each type of practice, categorized by the degree of difficulty encountered in staffing: Chartered Accountants, B.Comm. accounting majors, other university graduates, high school matriculants and other client staff.

Single Office Practice. The first column shows that a large number of practitioners in single office practices indicated "not applicable" in the categories of Chartered Accountants, B.Comm. accounting majors and other university graduates. This disclosure, together with the finding that few such staff were employed by practitioners in single office practices (Table VIII) supports the conclusion that Chartered Accountants (other than partners), B.Comm. accounting majors and (or) other university graduate staff may not be needed in single office practices. Most of the small number of practitioners who were in the market for Chartered Accountants, B.Comm. accounting majors and (or) university graduates encountered difficulties in hiring this type of staff. A much larger number of practitioners in single office practices





TABLE IX

DEGREE OF DIFFICULTY PRACTITIONERS ENCOUNTERED IN STAFFING THEIR OFFICE IN 1965  
(BY TYPE OF OFFICE)

Difficulty of Staffing	Type of Office											
	Single Office #	%	Provin- cial #	%	National #	%	Inter- national #	%	Other #	%	Total #	%
Chartered Account- ant or Equivalent												
-Not Applicable	43	75	9	65	3	37	2	22	3	100	60	66
-No Difficulty	4	7	2	14	0	0	4	45	0	0	10	11
-Some Difficulty	5	9	1	7	3	38	2	22	0	0	11	12
-Great Difficulty	5	9	2	14	2	25	1	11	0	0	10	11
TOTAL	57	100	14	100	8	100	9	100	3	100	91	100
B.Comm.Acctg.Major												
-Not Applicable	46	82	7	54	2	29	0	0	2	67	57	64
-No Difficulty	3	5	1	8	2	29	3	30	0	0	9	10
-Some Difficulty	2	4	3	23	2	28	4	40	0	0	11	12
-Great Difficulty	5	9	2	15	1	14	3	30	1	33	12	14
TOTAL	56	100	13	100	7	100	10	100	3	100	89	100
Other Univ. Grads												
-Not Applicable	49	91	9	64	4	57	2	20	3	100	67	76
-No Difficulty	0	0	2	14	0	0	3	30	0	0	5	6
-Some Difficulty	1	2	3	22	2	29	4	40	0	0	10	11
-Great Difficulty	4	7	0	0	1	14	1	10	0	0	6	7
TOTAL	54	100	14	100	7	100	10	100	3	100	88	100
High School Matrics.												
-Not Applicable	19	31	2	13	6	75	3	30	2	67	32	33
-No Difficulty	11	17	2	13	1	12	3	30	0	0	17	17
-Some Difficulty	19	31	9	56	1	13	1	10	1	33	31	31
-Great Difficulty	13	21	3	18	0	0	3	30	0	0	19	19
TOTAL	62	100	16	100	8	100	10	100	3	100	99	100
Other Client Staff												
-Not Applicable	16	27	4	27	2	40	2	29	1	33	25	28
-No Difficulty	24	41	3	20	2	40	2	29	2	67	33	37
-Some Difficulty	17	29	6	40	1	20	2	28	0	0	26	29
-Great Difficulty	2	3	2	13	0	0	1	14	0	0	5	6
TOTAL	59	100	15	100	5	100	7	100	3	100	89	100



TABLE X

DEGREE OF DIFFICULTY ENCOUNTERED IN STAFFING OFFICE IN 1965  
(BY LOCATION OF OFFICE)

Difficulty of Staffing:	Location of Office									
	Calg. or Leth., Med.		Hat, Rd. Deer		10-15000		5-10000		1-5000	
	#	%	#	%	#	%	#	%	#	%
Chartered Accountants or Equivalent	37	59	7	88	2	100	2	50	12	86
-Not Applicable	10	16	0	0	0	0	0	0	0	0
-No Difficulty	9	14	0	0	0	0	2	50	0	0
-Some Difficulty	7	11	1	12	0	0	0	0	2	14
-Great Difficulty	63	100	8	100	2	100	4	100	14	100
TOTAL									91	100
B.Comm., Acctg. Majors	37	58	7	87	0	0	2	67	11	92
-Not Applicable	9	14	0	0	0	0	0	0	0	0
-No Difficulty	11	17	0	0	0	0	0	0	0	0
-Some Difficulty	7	11	1	13	2	100	1	33	1	8
-Great Difficulty	64	100	8	100	2	100	3	100	12	100
TOTAL									89	100
Other Univ. Grads.	44	71	7	87	1	50	2	67	13	100
-Not Applicable	5	8	0	0	0	0	0	0	0	0
-No Difficulty	10	16	0	0	0	0	0	0	0	0
-Some Difficulty	3	5	1	13	1	50	1	33	0	0
-Great Difficulty	62	100	8	100	2	100	3	100	13	100
TOTAL									88	100
High School Matrics.	25	36	2	25	0	0	1	25	4	25
-Not Applicable	15	22	0	0	0	0	1	25	1	6
-No Difficulty	17	25	4	50	1	50	2	50	7	44
-Some Difficulty	12	17	2	25	1	50	0	0	4	25
-Great Difficulty	69	100	8	100	2	100	4	100	16	100
TOTAL									99	100
Other Client Staff	21	35	1	12	1	50	0	0	2	14
-Not Applicable	21	35	3	38	1	50	3	75	4	29
-No Difficulty	16	27	3	38	0	0	0	0	7	50
-Some Difficulty	2	3	1	12	0	0	1	25	1	7
-Great Difficulty	60	100	8	100	2	100	4	100	14	100
TOTAL									88	100





TABLE XI

DEGREE OF DIFFICULTY ENCOUNTERED IN STAFFING OFFICE IN 1965  
(BY TYPE AND NUMBER OF STUDENTS EMPLOYED)

Type of Students Employed (Including Number of Students Employed)									
Difficulty of Staffing:	B.Comm.		Other Univ.		High School		Total		
	Acctg. Major	#	#	%	Matric.	#	%		
Chartered Accountant or Equivalent	-Not Applicable	14	18	9	20	136	49	159	39
	-No Difficulty	36	44	10	22	55	20	101	25
	-Some Difficulty	14	18	13	28	57	21	84	21
	-Great Difficulty	16	20	14	30	30	10	60	15
	TOTAL	80	100	46	100	278	100	404	100
B.Comm. Acctg. Majors	-Not Applicable	1	1	6	12	131	47	138	34
	-No Difficulty	42	50	15	31	56	20	113	27
	-Some Difficulty	27	33	20	41	66	24	113	27
	-Great Difficulty	13	16	8	16	26	9	47	12
	TOTAL	83	100	49	100	279	100	411	100
Other Univ. Grads.	-Not Applicable	19	23	7	14	161	57	187	45
	-No Difficulty	24	29	10	20	37	13	71	17
	-Some Difficulty	28	34	21	43	59	21	108	26
	-Great Difficulty	12	14	11	23	24	9	47	12
	TOTAL	83	100	49	100	281	100	413	100
High School Matrics.	-Not Applicable	27	33	18	37	30	10	75	18
	-No Difficulty	14	17	12	25	72	24	98	22
	-Some Difficulty	25	30	11	22	121	40	157	36
	-Great Difficulty	17	20	8	16	81	26	106	24
	TOTAL	83	100	49	100	304	100	436	100
Other Client Staff	-Not Applicable	16	24	6	20	56	22	78	22
	-No Difficulty	21	32	14	47	101	39	136	38
	-Some Difficulty	19	29	8	27	95	37	122	35
	-Great Difficulty	10	15	2	6	5	2	17	5
	TOTAL	66	100	30	100	257	100	353	100



were seeking to hire high school matriculants. In this category, twenty-one per cent indicated "great difficulty," thirty-one per cent "some difficulty" and only seventeen per cent answered "no difficulty." The category of "other client staff" was the only classification in which the "no difficulty" responses exceeded the "some or great difficulty" responses of single office practitioners.

Provincial Practices. With the exception of the category "other client staff," responses of practitioners in Provincial practices were quite similar to those of practitioners in single office practices.

National and International Practices. In contrast to the respondents from Single Office and Provincial practices, few practitioners in National and International firms indicated "not applicable" in their replies. More significant are the different experiences the two groups encountered in hiring students. While respondents in smaller practices reported difficulties attracting high school matriculants, their counterparts in the larger practices encountered difficulties in hiring university graduates.

The 1970 requirement of a university degree prerequisite for entrance into articles will no doubt result in increased competition for university graduates. The difficulties encountered in hiring university graduates, as summarized in Table IX, will probably increase as a result of this competition. Since practitioners in Single Office practices are encountering the most difficulty in attracting high school matriculants, it is quite conceivable that they will have to contend with even greater difficulties.





### Analysis by Location of Practice

The main purpose of Table X was to isolate, by locations, the practitioners who were encountering staffing difficulties. Only five respondents from offices outside the cities of Edmonton and Calgary tried to hire B.Comm. accounting majors in 1965 and all five reported "great difficulty." All respondents from these centers expressed similar difficulty in engaging "other university graduates." With the exception of two respondents, practitioners in the smaller centers also reported difficulty in attracting high school matriculants to their practices. The only encouraging statistic for practitioners in smaller centers related to the employment of "other client staff." In this category, eleven respondents from smaller centers replied "no difficulty" and only three indicated "great difficulty."

From the data presented in Tables IX and X, it can be concluded that most of staffing difficulties encountered by respondents in 1965 were encountered by practitioners who operated single office practices, especially those located in smaller centers.

### Analysis by Number and Type of Student Employed

The results tabulated in Tables IX and X are useful because they provide information about staffing difficulties encountered by practitioners in the different types and locations of public practices. It was difficult, however, to draw useful conclusions on the over-all supply of personnel because each response was equally weighted. To overcome this shortcoming, the responses representing the various offices were weighted by the number and types of students employed. Table XI presents





the weighted responses for each of the types of staff which practitioners endeavoured to hire in 1965.

An analysis of the Total (vertical) column in Table XI reveals that practitioners encountered the most difficulty in hiring high school matriculants. Further analysis of this disclosure shows that practitioners who employed the largest number of high school matriculants reported the most difficulty in attracting such staff. This finding suggests that good high school matriculants are scarce and practitioners who seek high quality students may have to change their source of recruiting.

For each of the remaining categories of staff which practitioners endeavoured to engage, the responses indicating "some difficulty" or "great difficulty" exceeded the "no difficulty" responses. This condition was most pronounced in the "other university graduate" category where only seventeen per cent of practitioners indicated "no difficulty" while thirty-eight per cent reported "some" or "great" difficulty. (Forty-five per cent, incidentally, indicated "not applicable.")

The relatively large number of "not applicable" responses, weighted by the number of students employed, supports a previous conclusion that many practitioners were not seeking new personnel in 1965. It follows that the practitioners who did encounter difficulties in 1965 can look forward to greater difficulties when the practitioners answering "not applicable" enter or re-enter the employment market. Except for the practitioners who answered "not applicable" for 1965, the results presented in Table XI clearly show that from a student's viewpoint, 1965 was a seller's market.



## VI. ESTIMATED FUTURE STUDENT EMPLOYMENT

The Hutchison Report recommended that the university degree prerequisite, as an entrance requirement for students entering articles, should not be considered practicable until, "the proportion of university graduates entering articles had become a substantial majority, possibly in the range of seventy to seventy-five per cent of the total yearly enrolment."<sup>4</sup> Question six of the questionnaire to practitioners in public practice, attempted to forecast the university graduate enrolment by 1970, to determine if Alberta would be in a position to make the transition on the guideline suggested by Hutchison. It should be noted that responses were given by practitioners prior to the 1966 By-law change requiring a university degree prerequisite for entrance into articles. The estimates of students to be hired in 1966, 1967, 1968 and 1969 as provided by practitioners are summarized in Tables XII, XIII, XIV and XV.

B.Comm. Accounting Major Graduates

The high regard Alberta practitioners have for B.Comm. accounting majors is exhibited in Table XII. Respondents of Alberta practices estimated they will hire sixty-two B.Comm. accounting majors in 1966 and eighty-six by 1969 or an increase of thirty-eight per cent over the next four years.

The analysis by type of practice shows the estimated number of

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<sup>4</sup>T. A. M. Hutchison, Report of the Long-Range Educational Policy Committee, (Toronto: The Institute of Chartered Accountants of Ontario, November, 1962), p. 11.





TABLE XII

## RESPONDENT'S ESTIMATES OF B.COMM. ACCOUNTING MAJOR GRADUATES

TO BE HIRED, 1966 - 1969

Type of Practice	1966		1967		1968		1969		Total	
	#	%	#	%	#	%	#	%	#	%
Single Office	11	18	10	15	17	21	19	22	57	19
Provincial	13	21	15	24	19	24	20	23	67	23
National	16	26	17	26	18	22	21	25	72	25
International	21	34	23	35	26	32	26	30	96	32
Other	1	1	0	0	1	1	0	0	2	1
Total	62	100	65	100	81	100	86	100	294	100
<u>Location of Practice</u>										
Edmonton or Calgary	59	94	64	98	76	95	82	96	281	96
Lethbridge, Medicine Hat or Red Deer	1	2	0	0	2	2	1	1	4	1
Community: 10-15,000	0	0	0	0	0	0	0	0	0	0
5-10,000	1	2	1	2	1	1	2	2	5	2
1- 5,000	1	2	0	0	2	2	1	1	4	1
Total	62	100	65	100	81	100	86	100	294	100
<u>Distribution of total estimated hirings by type of students presently employed</u>										
B.Comm.Acctg.Major	48	77	55	85	60	74	68	79	231	79
Other Univ. Degree	45	73	49	75	53	65	61	71	208	71
High School Matrics.	52	84	59	91	68	84	73	85	252	86
Total	62		65		81		86		294	



TABLE XIII

## RESPONDENT'S ESTIMATES OF OTHER UNIVERSITY DEGREE GRADUATES

TO BE HIRED, 1966 - 1969

Type of Practice	1966		1967		1968		1969		Total	
	#	%	#	%	#	%	#	%	#	%
Single Office	7	23	6	21	8	24	10	27	31	24
Provincial	8	26	8	28	11	33	11	31	38	29
National	5	16	6	20	6	19	6	17	23	18
International	11	35	9	31	8	24	9	25	37	29
Other	0	0	0	0	0	0	0	0	0	0
Total	31	100	29	100	33	100	36	100	129	100
<u>Location of Practice</u>										
Edmonton or Calgary	30	97	29	100	32	97	36	100	127	98
Lethbridge, Medicine Hat or Red Deer	0	0	0	0	0	0	0	0	0	0
Community: 10-15,000	0	0	0	0	0	0	0	0	0	0
5-10,000	1	3	0	0	1	3	0	0	2	2
1- 5,000	0	0	0	0	0	0	0	0	0	0
Total	31	100	29	100	33	100	36	100	129	100
<u>Distribution of total estimated hirings by type of students presently employed</u>										
B.Comm.Acctg.Major	24	77	22	76	24	73	24	67	94	73
Other Univ. Degree	26	84	26	90	27	82	31	86	110	85
High School Matrics.	31	100	29	100	33	100	36	100	129	100
Total	31		29		33		36		129	



TABLE XIV  
RESPONDENT'S ESTIMATES OF HIGH SCHOOL MATRICULANTS  
TO BE HIRED, 1966 - 1969

Type of Practice	1966		1967		1968		1969		Total	
	#	%	#	%	#	%	#	%	#	%
Single Office	64	66	60	68	65	69	61	70	250	68
Provincial	20	20	16	19	16	17	14	16	66	18
National	4	4	2	2	2	2	2	2	10	3
International	9	9	9	10	10	11	10	11	38	10
Other	1	1	1	1	1	1	1	1	4	1
Total	98	100	88	100	94	100	88	100	368	100
<u>Location of Practice</u>										
Edmonton or Calgary	71	72	62	71	65	69	63	72	261	71
Lethbridge, Medicine Hat or Red Deer	12	12	10	11	10	11	10	11	42	11
Community: 10-15,000	3	3	2	2	3	3	2	2	10	3
5-10,000	2	2	2	2	3	3	2	2	9	2
1- 5,000	10	11	12	14	13	14	11	13	46	13
Total	98	100	88	100	94	100	88	100	368	100
<u>Distribution of total estimated hirings by type of students presently employed</u>										
B.Comm., Acctg. Major	26	27	23	26	24	26	23	26	96	26
Other Univ. Degree	26	27	21	24	22	23	21	24	90	24
High School Matrics.	85	87	74	84	78	83	72	82	309	84
Total	98		88		94		88		368	





TABLE XV  
RESPONDENT'S ESTIMATES OF TOTAL STUDENTS TO BE HIRED,  
1966 - 1969

Type of Student	Number	Per Cent
B.Comm. Accounting Major	294	37.3
Other University Degree Graduates	129	16.2
High School Matriculants	368	46.5
Total	791	100.0

B.Comm. accounting majors to be hired increases with each successively larger type of practice. Practitioners in single office practices expect to hire fifty-seven B.Comm. accounting majors during the four-year period while practitioners in Provincial, National and International practices expect to hire sixty-seven, seventy-two and ninety-six, respectively.

The analysis by location of practices clearly indicates that practitioners outside the cities of Edmonton and Calgary have little intention of hiring B.Comm. accounting major graduates. Practitioners in these centers estimate that they will hire only thirteen (four per cent) of the <sup>5/8 294</sup> 281 estimated B.Comm. accounting majors to be hired.

The distribution of the estimates by the types of students presently employed reveals that over the four-year period, seventy-nine per cent of the total B.Comm. accounting majors to be hired will be hired by offices presently employing this type of student.



### Other University Degree Graduates

Table XIII presents the estimated "other university degree graduates" to be hired in 1966, 1967, 1968 and 1969. The small increase in the estimated number of "other university degree graduates" to be hired from year to year suggests that the increase results from the expected growth of practices rather than from a change in hiring policy. A comparison of Tables XII and XIII shows that over the four-year period the preference for "B.Comm. accounting majors" over "other university degree graduates" will be approximately two-and-one-half to one.

The analysis of Table XIII by type of practice differs from that of Table XII in that the numbers of "other university degree graduates" does not increase with each successively larger type of practice. It is noteworthy that practitioners from smaller practices indicate an increasing recruitment of "other university degree graduates" while the respondents from larger practices do not.

In the analysis by location of practices and number of students presently employed, the findings of Table XIII are very similar to those of Table XII. Practitioners outside of Edmonton and Calgary plan to hire only two "other university degree graduates" over the next four years. Practices presently employing "other university degree graduates" expect to hire eighty-five per cent of the "other university degree graduates" to be hired over the four-year period.

### High School Matriculants

The estimated number of "high school matriculants" to be hired is presented in Table XIV. Based on the estimates reported, there is a





small indication that practitioners are setting the university degree prerequisite as their ultimate objective. Whereas estimated recruitment of "university graduates" increased over the four-year period (Tables XII and XIII), the expected number of "high school matriculants" to be hired decreased from ninety-eight in 1966 to eighty-eight in 1969.

The breakdown of the estimates by types of practices points out that more than two-thirds of the estimated high school matriculants to be employed will be hired by single office practices. The practitioners in larger practices, i.e. National and International, expect to employ only thirteen per cent of the estimated high school intake over the next four years.

The analysis by location of practices in Table XIV provides an interesting contrast to similar analyses in Tables XII and XIII. Whereas the analyses in Tables XII and XIII showed that practitioners outside Edmonton and Calgary would hire a very small percentage of the university graduates (four per cent of the B.Comm. graduates and two per cent of the other university degree graduates), Table XIV denotes that practitioners from these locations will endeavour to employ twenty-nine per cent of the estimated high school matriculants to be hired. Comparing the analyses by type and number of students presently employed, Tables XII and XIII indicated that practitioners who employed university graduates planned to hire most of the university graduates to be hired in the next four years but only one-quarter (Table XIV) of the estimated high school matriculants to be hired during the same period.

The analyses presented in Tables XII, XIII and XIV are summarized in Table XV to provide a total perspective of the extent to which prac-



titioners planned to move towards the university degree prerequisite before the By-law change requiring a university degree prerequisite was passed. Based on the practitioners' estimates of future recruitment plans, summarized in Table XV, one would have to agree that the transition to a university degree prerequisite would not become a reality in 1970 without a mandatory requirement.

## VII. SATISFACTION WITH STUDENTS EMPLOYED

In an attempt to determine the underlying reasons why practitioners hire different types of students, practitioners were asked to indicate their satisfaction with: B.Comm. accounting majors, other university graduates and high school matriculants. Since practitioners pay different rates for different types of students, they were directed to give relative weighting in their responses. Also, because student productivity usually increases from one year to the next, practitioners were asked to consider student performance over the total term of employment. Tables XVI, XVII and XVIII present the tabulated responses of practitioners analysed by types of practices, locations of practices and number and types of students employed.

### Analysis by Type of Practice

Table XVI provides a summarized evaluation of relative satisfaction with students as ranked by practitioners from the different types of practices. Of interest is the disclosure that practitioners from Single Office practices are generally satisfied with all their students. There is little evidence to indicate that one type of student proved more satisfactory than another. Respondents from Provincial





TABLE XVI

ANALYSIS OF SATISFACTION WITH STUDENTS BY TYPE OF PRACTICE

Type of Student	Type of Practice											
	Single Office		Provincial		National		International		Other		Total	
	#	%	#	%	#	%	#	%	#	%	#	%
<u>B.Comm. Accounting Major</u>												
Completely satisfied	3	30	0	0	1	20	0	0	0	0	4	12
Relatively satisfied	5	50	3	43	4	80	9	100	0	0	21	66
Dissatisfied	2	20	4	57	0	0	0	0	1	100	7	22
Total	10	100	7	100	5	100	9	100	1	100	32	100
<u>Other Univ. Degree Grad.</u>												
Completely satisfied	4	40	1	33	0	0	1	11	0	0	6	22
Relatively satisfied	4	40	1	33	4	100	7	78	0	0	16	59
Dissatisfied	2	20	1	34	0	0	1	11	1	100	5	19
Total	10	100	3	100	4	100	9	100	1	100	27	100
<u>High School Matriculant</u>												
Completely satisfied	13	28	7	47	3	43	2	20	1	100	26	33
Relatively satisfied	29	63	7	47	4	57	8	80	0	0	48	61
Dissatisfied	4	9	1	6	0	0	0	0	0	0	5	6
Total	46	100	15	100	7	100	10	100	1	100	79	100





TABLE XVII  
ANALYSIS OF SATISFACTION WITH STUDENTS BY LOCATION OF PRACTICE

Type of Student	Location of Office											
	Edmonton or Calgary			Lethbridge, Medicine Hat or Red Deer			Community Population					
	#	%		#	%		10000-	5000-	10000	5000	Total	%
B.Comm. Accounting Major												
Completely satisfied	3	11		0	0		0	1	100	0	4	12
Relatively satisfied	20	74		1	100		0	0	0	0	21	66
Dissatisfied	4	15		0	0		0	0	0	3	7	22
Total	27	100		1	100		0	1	100	3	32	100
Other Univ. Degree Grad.												
Complete satisfied	4	17		0	0		0	1	100	1	6	22
Relatively satisfied	15	66		1	100		0	0	0	0	16	59
Dissatisfied	4	17		0	0		0	0	0	1	5	19
Total	23	100		1	100		0	1	100	2	27	100
High School Matriculant												
Complete satisfied	20	36		1	14		1	50	25	3	26	33
Relatively satisfied	32	57		5	72		1	50	75	7	48	61
Dissatisfied	4	7		1	14		0	0	0	0	5	6
Total	56	100		7	100		2	100	100	10	79	100



TABLE XVIII

ANALYSIS OF SATISFACTION WITH STUDENTS  
BY NUMBER AND TYPE OF STUDENTS EMPLOYED

Number and Type of Students Employed	Practitioner's Satisfaction (Relative to Remuneration) With							
	B.Comm. Acctg.		Other Univ. Degree		High School Matric.		Total	
	#	%	#	%	#	%	#	%
<u>B. Comm. Acctg. Major</u>								
Completely satisfied	7	8	0	0	5	3	12	4
Relatively satisfied	72	86	38	97	122	80	232	84
Dissatisfied	5	6	1	3	26	17	32	12
Total	84	100	39	100	153	100	276	100
<u>Other University Degree</u>								
Completely satisfied	5	8	3	7	42	30	50	20
Relatively satisfied	55	84	36	86	83	59	174	70
Dissatisfied	5	8	3	7	16	11	24	10
Total	65	100	42	100	141	100	248	100
<u>High School Matriculation</u>								
Completely satisfied	19	23	10	21	82	27	111	25
Relatively satisfied	64	77	35	73	209	69	308	71
Dissatisfied	0	0	3	6	14	4	17	4
Total	83	100	48	100	305	100	436	100





practices reported considerable satisfaction with high school matriculants but dissatisfaction with university, especially with B.Comm. accounting majors. In contrast, no practitioners associated with National practices indicated dissatisfaction with any type of student. The respondents from International practices were almost equally satisfied with students, as only one respondent indicated dissatisfaction.

#### Analysis by Location of Practice

Table XVII analyzes the degree of satisfaction with students as expressed by respondents practicing accounting in different localities. With such an analysis, it is possible to identify part of the dissatisfaction with B.Comm. accounting majors. Three of the seven practitioners denoting dissatisfaction with B.Comm. accounting majors were practicing accounting in very small communities (1,000 - 5,000 population). The probable explanations for this dissatisfaction could be that practices in very small communities do not attract good accounting major graduates or that the type of work performed by the practitioners did not warrant the employment of B.Comm. accounting major graduates. It is important, however, to observe that no other practitioners in smaller centers expressed dissatisfaction with university graduates.

#### Analysis by Number and Types of Students Employed

It is dangerous to generalize or draw firm conclusions from Tables XVI and XVII because all responses are equally weighted even though practitioners employ various numbers of students. This limitation is overcome in Table XVIII by weighting the response of each practitioner by the number and types of students in his employ.



Practitioners who employed all eighty-four "B.Comm. accounting majors" in 1965 also employed thirty-nine "other university graduates" and 153 "high school matriculants." These practitioners indicated dissatisfaction with thirty-two of their students, of which twenty-six were "high school matriculants," five were "B.Comm. accounting majors" and one was an "other university degree" graduate. Those practitioners who employed forty-two "other university degree" graduates also employed sixty-five "B.Comm. accounting majors" and 141 high school matriculants." Of the twenty-four students with whom they were dissatisfied, sixteen were "high school matriculants." The practitioners who employed 305 "high school matriculants" also employed eighty-three "B.Comm. accounting majors" and forty-eight "other university graduates." These practitioners were dissatisfied with seventeen students of which fourteen were "high school matriculants."

The high ratio of relative satisfaction with university graduates as expressed by practitioners who employed university graduates strongly suggests that practitioners who have not employed university graduates can expect to be satisfied with university graduates when they are required to hire and do hire such students. An exception to this generalization is necessary to cover those practitioners who practice in a community which has a population of less than 5,000 people. As shown by Table XVII, practitioners in these localities were completely dissatisfied with "B.Comm. accounting majors."





# VIII. DESIRABILITY, PRACTICABILITY AND NECESSITY OF A UNIVERSITY PREREQUISITE

Data and information presented in previous sections of this Chapter provided some indirect views of practitioners regarding the 1970 transition to a university degree prerequisite. To avoid incorrect conclusions, practitioners were asked: "With reference to the availability of high school graduates not entering university and the increasing knowledge and competence required of Chartered Accountants, do you think that the transition to a university prerequisite in 1970 is: desirable? practicable? necessary?"<sup>5</sup> The responses to these questions are tabulated in Tables XIX and XX by type of practice, location of practice and by number and type of student employed.

## Desirability

The desirability of a university degree prerequisite is overwhelmingly endorsed by Alberta practitioners. As shown by Table XIX, practitioners representing seventy-seven per cent of the practicing offices and eighty-five per cent of the students employed replied that the transition to a university degree prerequisite in 1970 was desirable. The analysis of responses by "type and location" of practices and by "number and type" of students employed made it possible to identify some characteristics of practitioners who did not think the transition was desirable. Of the sixteen practitioners stating that the transition was not desirable, none represented National or International practices, nine practiced in communities outside Edmonton and Calgary, and only

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<sup>5</sup>Question 8 of the questionnaire to practicing offices, Appendix B.





TABLE XIX

VIEWS OF PRACTITIONERS ON DESIRABILITY AND PRACTICABILITY OF  
 THE 1970 TRANSITION TO A UNIVERSITY DEGREE PREREQUISITE

	Desir- able		Not Desir- able		No Opin- ion		Practi- cable		Not Practi- cable		Opin- ion		Total	
	#	%	#	%	#	%	#	%	#	%	#	%	#	%
<u>Type of Practice</u>														
Single Office	52	74	12	17	6	9	19	27	37	53	14	20	70	100
Provincial	12	75	3	19	1	6	16	100	7	44	9	56	16	100
National	8	100	0	0	0	0	8	100	4	50	1	13	8	100
International	9	90	0	0	1	10	10	100	6	60	3	30	10	100
Other	1	33	1	33	1	34	3	100	1	33	1	34	3	100
Total	82	77	16	15	9	8	107	100	37	34	19	18	107	100
<u>Location of Practice</u>														
Edmonton or Calgary	65	88	7	9	2	3	74	100	33	44	11	15	74	100
Lethbridge, Medicine Hat or Red Deer	6	76	1	12	1	12	8	100	0	0	5	63	8	100
Community: 10-15000	1	50	1	50	0	0	2	100	0	0	2	100	2	100
5-10000	1	25	3	75	0	0	4	100	1	25	3	75	4	100
1- 5000	9	50	4	22	5	28	18	100	3	17	11	61	18	100
Total	82	77	16	15	8	8	106	100	37	34	18	18	106	100
<u>By Number and Type of Students Employed</u>														
B.Comm. Acctg. Major	82	98	2	2	0	0	84	100	56	67	16	19	84	100
Other Univ. Degree	47	96	0	0	2	4	49	100	31	63	15	31	49	100
High School Matric.	244	80	41	13	20	7	305	100	125	41	40	13	305	100
Total	373	85	43	10	22	5	438	100	212	48	55	13	438	100



TABLE XX

VIEWS OF PRACTITIONERS ON THE NECESSITY OF THE 1970 TRANSITION  
TO A UNIVERSITY DEGREE PREREQUISITE

	Necessary		Not Necessary		No Opinion		Total	
	#	%	#	%	#	%	#	%
<u>Type of Practice</u>								
Local, one-office only	28	40	30	43	12	17	70	100
Provincial	9	56	6	38	1	6	16	100
National	6	75	0	0	2	25	8	100
International	6	60	2	20	2	20	10	100
Other	1	33	1	33	1	34	3	100
Total	50	47	39	36	18	17	107	100
<u>Location of Practice</u>								
Edmonton or Calgary	41	55	21	28	12	17	74	100
Lethbridge, Medicine Hat or Red Deer	3	38	3	38	2	24	8	100
Community - 10-15,000	0	0	2	100	0	0	2	100
5-10,000	2	50	2	50	0	0	4	100
1- 5,000	4	22	11	61	3	17	18	100
Total	50	47	39	37	17	16	106	100
<u>By Number and Type of Students Employed</u>								
B. Comm. Acctg. Major	56	67	16	19	12	14	84	100
Other Univ. Degree	35	72	10	20	4	8	49	100
High School Matric.	147	48	129	42	29	10	305	100
Total	238	55	155	35	45	10	438	100





two university graduates were employed by these respondents.

### Practicability

Practitioners were more divided in their responses on the practicability of the transition to a university degree prerequisite in 1970. Table XIX illustrates the division of their views. Only twenty-seven per cent of the practitioners in Single Office practices thought the transition was practicable while fifty-three per cent indicated that the transition was not practicable; twenty per cent did not have an opinion. The largest percentage of "not practicable" responses were from practitioners in Provincial practices, while practitioners representing National and International practices showed the <sup>18 smallest</sup> percentage of "not practicable" responses.

The analysis of practitioner's views by the location in which they practiced shows that Edmonton and Calgary respondents were almost evenly divided; forty-four per cent felt the transition was practicable, forty-one per cent did not feel it was practicable. None of the practitioners in the cities of Lethbridge, Medicine Hat or Red Deer and only a small percentage of practitioners in other communities indicated that the transition to a university degree prerequisite in 1970 was practicable.

Based on the opinions of practitioners employing the greatest numbers of students, the analysis by number and types of students employed reveals that the transition is considered practicable by more respondents employing university graduates than by those employing high school matriculants. While the analyses by type and location of practices in total showed the "not practicable" responses exceeding the "practicable" responses, the analysis weighted by number and types of



*employed*  
students shows the opposite. Because the latter analysis is more significant, it can be concluded that the majority of practitioners feel the transition to a university degree prerequisite in 1970 is practicable.

### Necessity

The necessity of the transition to a university degree prerequisite in 1970 was perhaps the most difficult question practitioners had to answer. The question required practitioners to consider not only their needs of the past and present but also their future needs. While their answers summarized in Table XX indicate a division of opinions, it is also clear that the majority have expressed the opinion that the transition is necessary.

The breakdown of replies by the type of practices respondents were associated with denotes that practitioners in small offices are the largest group expressing that the transition to a university degree prerequisite in 1970 is "not necessary." The analysis by location of practices shows that the majority of the practitioners who indicated that the transition was "not necessary" were located outside the cities of Edmonton and Calgary. A further refinement of the "not necessary" responses is provided by the analysis by "number and types" of students employed. The practitioners employing the largest number of high school students made up the largest "not necessary" portion of the responses.

It may well be that the practitioners representing approximately one-third of the practicing profession in Alberta do not and may never express a need for requiring a university degree prerequisite. However, as shown by Table XX, those representing the majority of the practicing





profession in Alberta have stated that the transition to a university degree prerequisite in 1970 is necessary.

Based upon the replies of practitioners, as summarized in Tables XIX and XX, it can be concluded that the requirement of a university degree for students entering articles after 1970 is most desirable, somewhat less practicable, but quite necessary.

#### IX. PROBLEMS PRACTITIONERS ANTICIPATE IN MAKING THE TRANSITION TO A UNIVERSITY DEGREE PREREQUISITE IN 1970

Question nine of the questionnaire to representatives of practicing offices (Appendix B) asked practitioners if they anticipated any problems in making the transition to a university degree if such a prerequisite was made a requirement in 1970. In addition, practitioners who indicated they would encounter problems were asked to specify the problems they anticipated and how they planned to overcome them.

#### Practitioners Anticipating Problems With Transition

Although practitioners representing the majority of the public accounting profession in Alberta felt the transition to a university degree prerequisite in 1970 was desirable, practicable and necessary, more than half of the respondents thought the change would create problems. As shown by Table XXI, respondents representing fifty-eight per cent of the practicing offices and sixty-eight per cent of the students employed stated that they anticipated problems in making the transition.

From the analysis by type of practice, it is obvious that practitioners in Single Office and Provincial practices anticipate most of the problems, although there is considerable evidence that even practi-





TABLE XXI

TYPES OF PRACTITIONERS ANTICIPATING PROBLEMS  
WITH THE TRANSITION TO A UNIVERSITY PREREQUISITE

	Yes		No		Total	
	#	%	#	%	#	%
<u>Type of Practice:</u>						
Single Office	36	58	26	42	62	100
Provincial	14	88	2	12	16	100
National	1	14	6	86	7	100
International	4	40	6	60	10	100
Other	1	50	1	50	2	100
Total	56	58	41	42	97	100
<u>Location of Practice:</u>						
Edmonton or Calgary	33	48	36	52	69	100
Lethbridge, Med. Hat or Red Deer	5	71	2	29	7	100
Community - 10-15,000	2	100	0	0	2	100
5-10,000	3	75	1	25	4	100
1- 5,000	13	87	2	13	15	100
Total	56	58	41	42	97	100
<u>By Number and Type of Student Employed:</u>						
B.Comm. Acctg. Major	48	57	36	43	84	100
Other University Degree	25	51	24	49	49	100
High School Matriculation	206	74	74	26	280	100
Total	279	68	134	32	413	100



tioners from International practices expect problems. The analysis by location of practices shows that a large majority of practitioners outside Edmonton and Calgary anticipate problems. There is less unanimity among the Edmonton and Calgary practitioners, forty-eight per cent anticipate problems with the transition, while fifty-two per cent do not think they will encounter any problems.

The interesting aspect of the analyses by "number and type" of students employed is that even those practitioners who employ a large portion of the university graduates anticipate problems with the transition. As might be expected, respondents employing seventy-four per cent of the high school matriculants anticipated problems if the entrance requirement for students entering articles was changed to a university degree prerequisite.

#### Kinds of Problems Anticipated

Those practitioners who indicated they would have problems if the transition to a university degree prerequisite became effective in 1970 specified the problems as follows: twenty respondents stated "unable to attract university graduates to smaller centers"; ten practitioners felt that "small practices (single office) would have difficulty in attracting university graduates"; another ten stated that "there would not be an adequate supply of university graduates"; and eighteen respondents felt that "costs would increase without a corresponding increase in output." In addition, some less frequently mentioned problems were specified, two of which were: "accounting and auditing services would have to be modified" and "a large turnover of students would result because university graduates are required to





serve a short period of articles."

### Plans to Overcome Problems

The ways in which practitioners who anticipated problems with the transition plan to overcome their problems are presented in the following listing.

	<u>Number of Offices</u>
1. Use non-articled staff: clerks, girls, bookkeepers, etc.	41
2. Use machines or computers to decrease staff requirements.	7
3. Increase staff C.A.'s and use as few students as possible.	5
4. Improve audit techniques.	5
5. Try to get the term of articles for B.Comm. accounting majors increased to three years.	2
6. May be forced to sell practice due to staff shortages.	2
7. Increase salaries to be competitive with industry in hiring graduates and do some hard recruiting.	2
8. Work for reduction of B.Comm. salaries to \$250 (like Law students).	1
9. Increase fee structure.	1
10. Use Registered Industrial Accountants.	1
11. Problems will be insurmountable.	1



Since summarized comments could lead to misinterpretations, some of the actual representative comments are reproduced in Appendix F.

It is difficult to understand how some practitioners can profess to provide professional experience to their students when they suggest that they will employ clerks and bookkeepers to do their work in the future. If the work which this segment of the "profession" is performing can be done by clerks and bookkeepers, it is hard to justify why they should have the opportunity (or be permitted) to provide the important training required by university graduates in articles. If the transition to university degree prerequisite eliminates from the field of student training those practitioners who cannot provide professional training, then the university degree prerequisite will accomplish more than the Minimum Standards of Training Rules (Appendix A, Schedule B) have been able to do.

#### X. PROBLEMS RESULTING FROM THE USE OF ACCOUNTING AND AUDITING CLERKS

The Long-Range Educational Planning Committee of the Institute of Chartered Accountants of British Columbia considered the problem of the gap in the labor force of practicing firms that would result from the transition to a university degree prerequisite. Their conclusions were reported in the Report on University Degree Requirement in 1970.

The Committee is of the opinion that the employment of "auxiliary personnel" or "technicians" to carry out limited audit and accounting functions under the supervision of qualified Chartered Accountants, is a practical and reasonable solution both as a transitional measure and for the long-run. However, unless an active programme of recruitment and training is undertaken by the Institute, there is likely to be a serious deficiency in numbers available. Therefore, the Committee, on the basis of a limited review, recommends that the Institute carry out a fuller study with a view to the desira-





bility of:

- (a) accepting responsibility for examining for a "Diploma in auditing and bookkeeping for auxiliary personnel" of the Institute,
- (b) through its Education and Examinations Committee, drawing up a syllabus of coverage required for the examinations, and
- (c) making arrangements with such of the institutions of higher education as are suitable, for presentation of courses leading to the diploma, and if necessary commissioning correspondence courses through the Technical and Vocational Department of the Department of Education, or through the Institute's own Education and Examinations Committee.<sup>6</sup>

In commenting on the British Columbia Long-Range Educational planning Committee's Report, the Chairman of the Alberta Implementation Committee reported to Council of the Institute of Chartered Accountants of Alberta as follows:

The recommendations of the British Columbia Committee in the area of training for what are described as "auxiliary personnel" or "technicians" go further than any suggestions made or received by the Committee in Alberta. In the meetings in both Edmonton and Calgary, there were grave reservations expressed by members as to the setting up of any academic facilities or the creation of any diploma or certificate courses which would have the effect of creating a quasi-professional group which might be a further step in the proliferation of accounting groups and designations.<sup>7</sup>

#### Practitioners Anticipating Dangers From Utilizing Technicians

To determine how Alberta practitioners felt about the employment of non-articled staff, such as accounting and audit clerks, practitioners were asked if they foresaw any dangers in utilizing such staff. Their responses are tabulated in Table XXII.

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<sup>6</sup>Report on University Degree Requirement in 1970, (Vancouver: The Institute of Chartered Accountants of British Columbia, March, 1966), p. 35.

<sup>7</sup>Letter Report, To: The President and Members of Council, The Institute of Chartered Accountants of Alberta, May 5, 1966.





TABLE XXII

TYPES OF PRACTITIONERS ANTICIPATING DANGERS  
FROM UTILIZING TECHNICIANS

	Yes		No		Total	
	#	%	#	%	#	%
<u>Type of Practice</u>						
Single Office	30	47	34	53	64	100
Provincial	10	62	6	38	16	100
National	2	29	5	71	7	100
International	4	40	6	60	10	100
Other	2	100	0	0	2	100
Total	47	49	51	51	99	100
<u>Location of Practice</u>						
Edmonton or Calgary	32	46	38	54	70	100
Lethbridge, Med. Hat or Red Deer	5	83	1	17	6	100
Community: 10-15,000	1	33	2	67	3	100
5-10,000	1	25	3	75	4	100
1- 5,000	9	56	7	44	16	100
Total	48	49	51	51	99	100
<u>By Number and Type of Student Employed</u>						
B.Comm. Acctg. Major	37	47	41	53	78	100
Other University Degree	23	47	26	53	49	100
High School Matriculant	142	51	139	49	281	100
Total	202	49	206	51	408	100



The analysis of responses by "number of offices" and "number of students employed," shows that in total practitioners are quite evenly divided on the dangers of using technicians or non-articled staff in providing accounting services to clients. However, the analysis by "type of practice" indicates that more practitioners from smaller practices envisage dangers from utilizing technicians than their counterparts in larger practices. An unexpected division of responses is disclosed in the analysis by "location of practice." In previous analyses by location of practices, practitioners outside of Edmonton and Calgary were quite uniform in their views, but as shown by Table XXII, practitioners from Lethbridge, Medicine Hat and Red Deer are more concerned about the use of technicians than practitioners in other centers. The breakdown of responses by number and type of students employed shows that this factor had little affect on the answers given by respondents.

#### Specific Dangers Practitioners Foresee

The practitioners who foresaw dangers in employing non-articled staff to do client work took advantage of the space provided in the questionnaire to describe the dangers. The most often described dangers were:

1. Lowering the standard of service provided.
2. Creating new competition.
3. Strengthening other accounting associations.
4. Inability to instill independent attitude into audit clerks.
5. Could not rely on technicians to keep information confidential.





X/  
IX. OVERCOMING PROBLEMS AND DIFFICULTIES

The preceding sections of this Chapter have established that practitioners in smaller practices, particularly those in smaller centers, will encounter the most problems and difficulties in adapting to the university degree prerequisite for students entering articles after 1970. How do these practitioners view the transition? How do they hope to overcome the difficulties that will come with the transition? Mr. Darrel J. Sheridan, Chartered Accountant and partner of a single office practice in Red Deer, Alberta, was asked to address the Annual Meeting of the Institute of Chartered Accountants of Alberta (June 11, 1966) and present his firm's approach. He stated:

I have been asked to deal with the 1970 changeover from the point of view of the small practitioner. This obviously very major change has been discussed at some length for several years now and the day of reckoning is close enough that the time for very serious consideration and action by all practitioners is now, in order that the smooth operation of our practices will not be seriously disrupted, come 1970. I will deal with the subject by points and hope that I am able adequately to cover both the positive and negative sides of the question.

1. Is it a good move or not?
2. Students.
3. Staff generally.
4. Methods of practice.
5. Fees.

1. Is it a good move or not? It has been generally suggested that the requirement of a university degree must of necessity upgrade our profession. I am inclined to agree and feel that being opposed to an upgrading of the profession is something like being opposed to motherhood; however, motherhood may not necessarily be a good thing, particularly if it is out of wedlock. From this I conclude that although it may well be a good move for the profession, the methods of proceeding must be carefully considered in order to minimize the practitioners' problems.



2. Students. There are no doubt several questions in our minds. Will there be sufficient graduates, soon enough? If so, can they be attracted to the small and medium sized practices? Further difficulty will be encountered if national firms continue to advertise in the smaller centers for intermediate students.

The feeling in general amongst members in small practices is that there will not be sufficient graduates in 1970 and therefore there will be few if any available to the smaller practices. If any are to be obtained, a positive approach must be adopted. We have hired a Commerce student for our office on a summer employment programme and are very satisfied to date with the results. Recruiting at the University may be too expensive and probably of no avail; however, interviews with high school students who are interested in our profession prior to going to University might well catch the odd student before the high-powered recruiters can get at him. Smaller practices can offer such things as more senior responsibilities, potential partnership, etc., that the large firms are unlikely to offer.

On this point I would conclude that although some aggressive smaller firms will obtain students, generally they will be unsuccessful. Smaller practices must, therefore, look to other solutions, at least until the supply of University graduates catches up to the demand.

3. Staff generally. One of the solutions may be to consider personnel other than students. There are many high school graduates and other young men without university entrance requirements who are interested in accounting, and who could be trained to perform duties up to the Intermediate level. Female employees to perform bookkeeping and other routine duties could prove most satisfactory; certainly, it has done so in our practice where we have reduced our number of students substantially and relieved them of mundane duties. It may seem odd to talk about machines as staff, but in view of the trend to machine accounting and the obvious advantages for the performance of certain functions, I am of the opinion that a machine, properly used, can be considered to be a valuable member of the staff. They don't talk back either! Although many practices may find it impractical to have machines of their own, a thorough review of all possibilities involving mechanization should be undertaken, particularly in view of the services being rendered by data processing centers today. Having touched on some possible solutions to the staff problem, I am sure that many of us can see some disadvantages. Female staff generally turns over more rapidly than male staff and creates continual training problems. If we look into the possibility of male audit clerks, many of whom would no doubt be ambitious to the point of wanting to acquire further technical knowledge by way of accounting courses, we could well create a large group with certificates of one kind or another who within their own minds at least are as well qualified as a C.A. I don't think I need develop that particular problem any





further as I am sure we are well aware of the potential conclusion. Since the small practices could in effect create the problem, I am sure those members would urge that our Council do everything in its power, as quickly as possible, to arrive at a satisfactory solution with our government.

We are proceeding with changing as many year ends as possible from December to off peak periods and are convinced that a reduction in staff will result, without any loss in gross fees.

4. Methods of practice. There have been many seminars and group discussions in recent years on the subject of new auditing techniques, e.g. flow charting and statistical sampling. For many years we felt in our practice that this was some strange thing to be used only by large firms with large clients. We finally decided to try it and found that it can work for very small clients. The flow charting technique particularly, in our opinion, has proven to be an invaluable evaluation tool.

5. Fees. Most practitioners feel that fees will have to increase because of the changes that will come about in 1970. They may or they may not. If the members in small practices endeavour to reduce the ticking and checking, make use of more modern and accepted auditing procedures, consider mechanization, female staff and audit clerks, they will probably find that they will be doing less routine work themselves, will be making more use of their abilities to provide better management information and advice to their clients, for which the client will much more readily accept a higher fee. We are trying this approach in our practice, how successfully I don't know, but the fees have not been a problem and the reaction to this approach from the clients has been most encouraging.

In conclusion, I would like to add my voice to the many other independent practitioners, that even though the change in 1970 is a good one, we sincerely hope that the combination university-practical experience programme that is presently being considered by the Education Committee will prove to be successful. I am sure that this programme will be of considerable assistance to those of us in smaller practices in meeting our staff requirements.<sup>8</sup>

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<sup>8</sup>Copy of Address given by Mr. D. J. Sheridan at the Annual General Meeting of the Institute of Chartered Accountants of Alberta, June 11, 1966.





## XII SUMMARY

In Alberta, nearly three-quarters of the practicing Chartered Accountant offices are single office practices; less than one-third of the practicing offices are located outside the cities of Edmonton and Calgary; and eighty-two per cent of the personnel working in public practice are working for firms located in Edmonton and Calgary. In 1965, students comprised thirty-nine per cent of the personnel in public practice in Alberta; of these, 133 were university graduates while 305 were high school matriculants. Practitioners in single office practices employed only twelve university graduates as compared to 156 high school matriculants, and practitioners in offices outside of Edmonton and Calgary employed only three university graduates as compared to sixty-four high school matriculants. It is quite clear from these figures, therefore, that practitioners in smaller centers and those operating single office practices in Edmonton and Calgary will have to make the greatest adjustments to cope with the 1970 transition to a university degree prerequisite.

Practitioners generally encountered difficulty in fulfilling their student requirements in 1965. The practitioners who operated single office practices and practices in smaller centers encountered the greatest difficulty in hiring students, not only university graduates but also high school matriculants.

On the basis of practitioners' estimates of student recruitment in the future, it is quite apparent that the transition to a university degree prerequisite by 1970 would not be realized without a mandatory



requirement. For the 1966-69 period, practitioners estimated that forty-six per cent of their student requirements will come from high schools.

Those practitioners who employed university graduates and high school matriculants during 1965 expressed a higher ratio of relative dissatisfaction with high school matriculants than with university graduates. This finding suggests that practitioners who have employed only high school matriculants can expect to be relatively satisfied with university graduates when they hire them.

While the majority of practitioners view the 1970 transition to a university degree prerequisite as desirable and necessary, they are also aware that the change will not be an easy one to make. Among the most frequently anticipated problems pertaining to the 1970 transition are: difficulty to attract university graduates to smaller centers and smaller offices; inadequate supply of university graduates; and increased costs without a corresponding increase in output. Practitioners who anticipate problems with the 1970 transition plan to use non-student staff for much of the work that students previously performed. To the extent that this can be accomplished, some practitioners will eliminate themselves from the field of training students. This change in itself may not be harmful as it is questionable whether these firms are presently providing professional training to their students.

Respondents were quite evenly divided on whether there are dangers in using clerks or technicians to fill the gap in the labor force that is expected to arise from the transition to a university degree pre-





requisite. Those who anticipated dangers felt that the use of clerks or technicians would lower the standard of service provided and create new competition or strengthen other accounting bodies.



## CHAPTER IV

### EDUCATIONAL PROGRAMME FOR STUDENTS IN ARTICLES

In Alberta, high school matriculants who desire to become Chartered Accountants are required to obtain five years of practical experience with a practicing Chartered Accountant, complete a prescribed five year course of instruction and pass provincial and uniform national examinations. University graduates who aspire to become Chartered Accountants must meet similar but reduced requirements.<sup>1</sup>

The objective in this Chapter is to present practitioners' evaluations of the existing educational programme for students in articles, and to summarize their advice on how the educational programme should be presented after 1970 when all students entering articles will be university graduates. In addition, this Chapter serves as a comparison to Chapter VI which presents the evaluations and advice of university graduates who have been or are in articles.

#### I. EXISTING COURSE OF INSTRUCTION

The 1965/66 Course of Instruction (hereafter referred to as the C.A. Course of Instruction) provided by the Institute of Chartered Accountants of Alberta consisted of 146 correspondence lessons and weekly lectures. The general content and breakdown of the 146 lessons was as follows:

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<sup>1</sup>Schedule A of Appendix A.



<u>Year of Course</u>	<u>Number of Lessons</u>	<u>Content</u>
First year	19 7 4 <hr/> 30	Accounting Auditing English
Second year	10 10 11 4 <hr/> 35	Law Economics Accounting Auditing
Third year	14 13 <hr/> 27	Auditing Accounting
Fourth year	27 1 <hr/> 28	Accounting Auditing
Fifth year	17 9 <hr/> 26	Accounting Auditing
Total	<hr/> <u>146</u>	

A typical lesson required from five to twenty hours to complete and consisted of: (1) reading prescribed texts and periodicals; (2) reading lesson material; and (3) completing assignments. Students who article outside the centers of Edmonton, Calgary and Lethbridge <sup>were</sup> are on a correspondence basis while students in Edmonton, Calgary and Lethbridge <sup>attended</sup> attend weekly lectures. The weekly lectures, which are usually of two hours duration, <sup>were</sup> are intended to supplement the correspondence lessons. Students attending weekly lectures <sup>do not</sup> submit their assignments for grading but <sup>bring</sup> bring them to the lecture where the instructor <sup>reviews</sup> reviews the assignment with the students and elaborates on any difficulties the students may have encountered.





## II. EVALUATION OF THE C.A. COURSE OF INSTRUCTION

Table XXIII presents a tabulated summary of the practitioners' responses to the question: "Do you believe the Alberta Institute's present Course of Instruction is adequately educating students in the following areas: English, Mathematics, Economics, Law, Accounting and Auditing?". The Table provides an analysis for each of the subjects by: type of practice, location of practice, and number and types of students employed.

In considering totals for each of the subjects, it appears that practitioners are quite divided in their views on the adequacy of the Mathematics and Economics education which the Institute provides. On the other hand, practitioners are nearly unanimous in stating that the Institute courses are adequate in Accounting, Auditing and Law but equally unanimous on the inadequacy of English. It is difficult to criticize the Institute's English course because only four lessons are devoted to it. It may also be wrong to suggest that deficiencies in English could be removed by adding more lessons. As an aside, Vatter's study of Accountancy Education in Australia found that, "English expression, written and oral,"<sup>2</sup> was the most common deficiency of beginning accountants. Perhaps the source of the inadequacy in both Australia and Alberta is in the public school system.

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<sup>2</sup>Vatter, loc. cit., p. 59.



ADEQUACY OF ALBERTA INSTITUTE COURSE OF INSTRUCTION  
(AS EVALUATED BY PRACTITIONERS)

Type of Practice	English		Math.		Econ.		Law		Acctg.		Auditing	
	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
Local, one office only	19	42	29	31	31	30	52	11	57	6	53	9
Provincial	2	13	11	4	5	10	12	3	13	2	14	1
National	1	7	3	4	4	4	7	1	8	0	8	0
International	2	8	4	6	5	5	9	1	8	2	7	3
Other	1	0	1	0	1	0	1	0	2	0	2	0
Number	25	70	48	45	46	49	81	16	88	10	84	13
Percentage	26	74	52	48	52	48	84	16	90	10	87	13
Location of Practice												
Edmonton or Calgary	16	51	33	31	34	32	61	7	61	7	57	11
Lethbridge, Med. Hat, or Red Deer	1	6	1	6	1	6	5	2	7	0	7	0
Community - 10,000-15,000	1	1	1	1	1	1	2	0	2	0	2	0
- 5,000-10,000	1	3	3	1	1	3	2	2	3	1	3	1
- 1,000- 5,000	6	8	9	6	9	6	11	4	14	2	14	1
- Under 1,000	0	1	1	0	0	1	0	1	1	0	1	0
Number	25	70	48	45	46	49	81	16	88	10	84	13
Percentage	26	74	52	48	52	48	84	16	90	10	84	13
By Number and Type of Students Employed												
B.Comm. Accounting Major	1	82	34	49	35	48	74	9	69	14	68	15
Other University Degree	4	45	21	28	19	30	45	4	42	7	35	14
High School Matriculants	24	245	165	112	158	127	267	23	235	55	224	66
Number	29	372	220	189	212	205	386	36	346	76	327	95
Percentage	10	90	54	46	51	49	91	9	82	18	77	23





### III. ADVICE ON METHOD OF INSTRUCTION AFTER 1970

There can be little argument that the methods of providing accounting education should be determined by educationalists. However, because practitioners (who employ students) pay for the educational programme, they should be given an opportunity to express their views. One question of the questionnaire to representatives of practicing offices provided such an opportunity. The analyses of their replies are presented in Table XXIV.

With the exception of respondents from International practices, the majority of practitioners from all other types of practices favored a modification of the present method. In terms of offices represented, only fourteen per cent favoured a professional accounting school; the remaining nineteen per cent preferred a Summer School programme.

The responses weighted by the number and type of students employed supported the findings of the analyses by number of offices. Respondents representing seventy per cent of the students employed felt that a modification of the present method was all that was necessary in providing accounting education to university graduates after 1970. Since respondents representing twenty-three per cent of the students employed favoured a Summer School programme, it would appear that practitioners would not be reluctant to a modification of the present method by the use of some Summer School sessions.



TABLE XXIV

ADVICE OF PRACTITIONERS ON HOW UNIVERSITY GRADUATES  
SHOULD BE EDUCATED AFTER 1970

	Modify Present Method		Professional Accounting School		Summer School Programme		Total	
	#	%	#	%	#	%	#	%
<u>Type of Practice</u>								
Local, one office only	42	67	9	14	12	19	63	100
Provincial	11	69	2	12	3	19	16	100
National	7	87	0	0	1	13	8	100
International	4	40	3	30	3	30	10	100
Other	2	100	0	0	0	0	2	100
Total	66	67	14	14	19	19	99	100
<u>Location of Practice</u>								
Edmonton or Calgary	47	67	10	14	13	19	70	100
Lethbridge, Medicine Hat or Red Deer	7	87	0	0	1	13	8	100
Community - 10000-15000	2	100	0	0	0	0	2	100
- 5000-10000	1	33	0	0	2	67	3	100
- 1000- 5000	9	57	4	25	3	19	16	100
Total	66	67	14	14	19	19	99	100
<u>By Number and Type of Student Employed</u>								
B.Comm. Acctg. Major	62	74	3	3	19	23	84	100
Other University Degree	32	65	4	8	13	27	49	100
High School Matriculants	188	69	22	8	63	23	273	100
Total	282	70	29	7	95	23	406	100



#### IV. SUMMARY

One of the limitations of obtaining evaluations and advice from practitioners on matters relating to education is that their replies are influenced by the needs of the past and the present. In addition, there is always a possibility that some replies reflect the personal self-interest of the practitioner rather than concern for the profession. In spite of these limitations, the tabulated responses clearly demonstrate: (1) that students are not adequately instructed in English; (2) there will be a need to modify the method of instruction after 1970; and (3) practitioners do not favour a professional accounting school.





## CHAPTER V

### SURVEY OF UNIVERSITY GRADUATES IN ARTICLES, 1953 TO 1964

#### I. INTRODUCTION

Since the majority of students entering articles in Alberta have been high school matriculants, educational and training programmes have been developed to prepare these students for admission to membership. University graduates who entered articles were either exempted from the course of studies (B.Comm. accounting majors) or entered the remaining portion of the five year course which coincided with their term of articles.

Thus a university graduate who was required to spend three years in articles would enter the third year of the five year program. In this manner, he would take the third, fourth and fifth years of the course of studies while completing his article service requirement. While this procedure was not entirely satisfactory for university graduates, it did meet the needs of high school matriculants who were in the majority.

#### II. NEED FOR SURVEY

The 1970 requirement, a university degree prerequisite for entrance into articles, will necessitate new programs for the dissemination of an ever increasing amount of knowledge over a shorter period of time. The development of new programmes requires an evaluation of the effectiveness of past programmes as well as conditions of the present and future. To obtain such an evaluation, university graduates who were in articles



were asked to complete a detailed questionnaire.<sup>1</sup> The questionnaire was sent to all university graduates who were in articles in Alberta between 1953 and 1964 inclusive.

### III. RESPONSE TO QUESTIONNAIRE

The questionnaire was sent to 383 university graduates and 251 or sixty-five per cent replied. With an over-all response rate of sixty-five per cent, it seems justifiable to assume that the findings of the survey are representative for those university graduates who were in articles. Tables XXV and XXVI present the response rate and the analysis of responses. For the students who were still in articles in 1965, the response rate was slightly less than the over-all average. Their responses have been included in the analyses which follow to ensure that the opinions of the most recent graduates entering into articles are taken into account.

### IV. ATTRIBUTES OF THE GROUP

#### Vital Statistics

Table XXVII presents the vital statistics of respondents as at December 31, 1965. Of the 251 university graduates who replied to the questionnaire, only five were women graduates; they represented two per cent of the total. While it is not possible to draw any useful conclusions when the number is small, it is obvious that the potential of

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<sup>1</sup>The questionnaire is reproduced in Appendix C.





TABLE XXV  
 RESPONSE TO UNIVERSITY GRADUATE QUESTIONNAIRE  
 (GRADUATES IN ARTICLES BETWEEN 1953 AND 1964 INCLUSIVE)

Number of Questionnaires Sent	Number of Questionnaires Returned	Per Cent Response of Graduates Surveyed
383	251	65.5

TABLE XXVI  
 ANALYSIS OF UNIVERSITY GRADUATE RESPONSES

Type	Number of Questionnaires Sent	Number of Questionnaires Returned	Per Cent Response of Graduates Surveyed
Cancelled			
Articles	39	25	66.9
Student in			
Articles	123*	70*	56.9
Member	221**	156**	70.6
Total	383	251	65.5

\*Includes twenty-nine graduates who were students at the time the questionnaires were sent out but became members September 4, 1965.

\*\*Excludes twenty-nine graduates who were students at the time the questionnaires were sent out but became members September 4, 1965.



TABLE XXVII

VITAL STATISTICS OF RESPONDENTS AS AT DECEMBER 31, 1965

Sex	Number	Percentage
Male	246	98
Female	5	2
	251	100

women in the profession has not yet been explored. With the large number of women taking university education, the profession should endeavor to attract a higher proportion, especially since there are fears of an inadequate supply of university graduates to meet the growing demands by practicing offices.

#### Social Backgrounds

Table XXVIII analyses the information about the occupation of the student's father at time of entry into articles. It is apparent from this Table that the profession draws very heavily from the sons of men already in professional and business occupations. It would, however, be incorrect to conclude from this that Chartered Accountants as employers place heavy emphasis on the applicant's social background when selecting graduates for articled clerks. The relatively large number attracted from farming and other social backgrounds confirms that prejudice does not exist. A more likely explanation is that the figures reflect the composition of the university population as a whole.



TABLE XXVIII

## OCCUPATION OF FATHER AT DATE OF ENTRY INTO ARTICLES

	1955 & Prior		1956-1958		1959-1961		1962-1964		Total	
	#	%	#	%	#	%	#	%	#	%
Professional	13	18	3	6	6	11	7	9	29	12
Business	26	37	17	34	23	41	21	29	87	35
Farmer	9	13	4	8	6	11	9	12	28	11
Other	13	18	15	30	13	23	24	32	65	26
Dead or Retired	10	14	11	22	8	14	13	18	42	16
	71	100	50	100	56	100	74	100	251	100

Question 3 of the questionnaire to university graduates asked graduates if they lived at home during the period of their articles. The answers to this question are tabulated by periods of years in Table XXIX. The trend over the years appears to indicate that a growing proportion are living away from home. The increasing tendency for university graduates to serve in articles away from home requires recognition by practitioners that they need not limit their recruitment to the immediate community.

TABLE XXIX

## PROPORTION OF GRADUATES LIVING AT HOME

	University Graduates Entering Articles In:				
	1955 & Prior	1956-1958	1959-1961	1962-1964	Total
Living at home	52%	56%	37%	45%	47%
Living away from home	48%	44%	63%	55%	53%
No. of respondents	100% (71)	100% (50)	100% (56)	100% (74)	100% (251)





## V. FINANCING UNIVERSITY STUDIES

Practitioners who contemplate offering summer employment to university students as a means to providing an insight of Chartered Accountancy should be prepared to pay high salaries. As shown by Table XXX, an increasing number of university students depended on summer employment to finance their university studies.

## VI. FACTORS INFLUENCING UNIVERSITY GRADUATES TO ARTICLE

The decision of university graduates to enter articles for Chartered Accountancy is normally made after considerable thought and questioning. To determine which dominant factors influenced university graduates to choose Chartered Accountancy, they were asked to choose one of the seven categories of dominant factors provided. Since the seven categories might not account for all the factors influencing graduates to article, an eighth category, "no dominant influence, rather a combination of factors," was also provided. The dominant factors as selected by university graduates who were in articles are presented, by year of entry into articles, in Table XXXI.

The large proportion of graduates signifying "no dominant influence, rather a combination of factors," would indicate that there was no dominant influence but a combination of factors, or the categories from which they had to choose were incomplete. Of the more than fifty per cent of graduates who did indicate a choice, it is clear that some factors influence graduates more than others. Most B.Comm. graduates were influenced by aptitude tests, accounting courses and the under-



TABLE XXX

FINANCING UNIVERSITY STUDIES

Student Supported:	University Graduates Entering Articles In:									
	1955 & Prior	1956-1958	1959-1961	1962-1964	Total					
	#	%	#	%	#	%	#	%	#	%
(a) entirely by parents or relatives	5	7	1	2	3	5	2	3	11	4
(b) partly by parents or relatives and partly by working while going to university and during the summer	26	36	18	26	17	30	16	22	77	30
(c) entirely by working while going to university and during the summer	8	11	7	14	10	18	14	19	39	16
(d) partly by savings accumulated before attending university	0	0	1	2	1	2	1	1	3	1
(e) partly by scholarships, grants and loans	2	3	2	4	0	0	4	5	8	3
(f) by combination of (b) and (d)	14	20	7	14	9	16	19	26	49	20
(g) by combination of (b) and (e)	9	13	12	24	10	18	14	19	45	18
(h) by combination of (d) and (e)	7	10	2	4	6	11	4	5	19	8
Total	71	100	50	100	56	100	74	100	251	100





TABLE XXXI

FACTORS INFLUENCING UNIVERSITY GRADUATES TO ARTICLE

	Prior to 1955				1956 - 1958				1959 - 1961			
	B.Comm. Graduate		Other Degree Graduate		B.Comm. Graduate		Other Degree Graduate		B.Comm. Graduate		Other Degree Graduate	
	#	%	#	%	#	%	#	%	#	%	#	%
(a) Influence of father, relatives, or friends who are C.A.'s	7	12	1	10	2	4	-	-	3	6	1	17
(b) Influence of teachers or counsellors in school or university	5	8	1	10	6	13	-	-	3	6	-	-
(c) Influence of the result of aptitude tests that indicated a high aptitude for accounting.	5	8	-	-	7	15	-	-	7	14	-	-
(d) Interest in a course or courses in accounting.	8	13	-	-	9	19	-	-	7	14	1	17
(e) Undertaking of work which led me into accounting.	1	2	-	-	2	4	-	-	3	6	-	-
(f) Observation of the prestige and high wages of the C.A.	2	3	-	-	-	-	-	-	-	-	-	-
(g) The understanding that a C.A. certificate and public practice experience could lead to a responsible and well-paid position in industry.	7	11	4	40	5	10	-	-	6	12	-	-
(h) No dominant influence; rather a combination of factors.	26	43	4	40	17	35	2	100	21	42	4	66
	61	100	10	100	48	100	2	100	50	100	6	100

. . . cont'd



TABLE XXXI CONT'D

	1962 - 1964				Total			
	B.Comm. Graduate		Other Degree Graduate		B.Comm. Graduate		Other Degree Graduate	
	#	%	#	%	Number	Percentage	Number	Percentage
(a) Influence of father, relatives, or friends who are C.A.'s	3	5	1	9	15	7	3	10
(b) Influence of teachers or counsellors in school or university	1	2	-	-	15	7	1	3
(c) Influence of the result of aptitude tests that indicated a high aptitude for accounting	7	11	4	37	26	12	4	15
(d) Interest in a course or courses in accounting.	8	13	-	-	32	14	1	3
(e) Undertaking of work which led me into accounting.	-	-	-	-	6	3	0	0
(f) Observation of the prestige and high wages of the C.A.	2	3	1	9	4	2	1	3
(g) The understanding that a C.A. certificate and public practice experience could lead to a responsible and well-paid position in industry.	14	22	1	9	32	14	5	18
(h) No dominant influence, rather a combination of factors.	28	44	4	36	92	41	14	48
	63	100	11	100	222	100	29	100



standing that the possession of a C.A. certificate could lead to a responsible and well-paid position in industry. With the exception of accounting courses, the factors that influenced B.Comm. graduates also influenced other degree graduates. The relatively decreasing influence of parents, relatives and friends who are Chartered Accountants implies that members of the profession themselves might do more to attract university graduates to the profession.

The decreasing influence of teachers or counsellors in schools and university should be cause for concern. This may suggest that there has been a breakdown in keeping teachers and counsellors informed of the opportunities which Chartered Accountancy presents. The increasing influence of the understanding that the possession of a C.A. certificate could lead to a responsible and well-paid position in industry should be capitalized on by taking every opportunity to give publicity to successful members.

## VII. EDUCATIONAL BACKGROUND OF STUDENTS IN ARTICLES

### Educational Background of all Students Who Entered Articles

The total number of students entering articles in Alberta during the period 1955 to 1965 is presented in Table XXXII. It is significant to note that during the latest three years there has been a large increase in the proportion of university graduates entering articles. It is also obvious that much greater increases will be required to meet the 1970 deadline which requires that all students entering articles must possess a university degree.

A similar tabulation of students entering articles in Ontario





TABLE XXXII

## THE INSTITUTE OF CHARTERED ACCOUNTANTS OF ALBERTA

## STUDENTS ENTERING ARTICLES

Year	High School Graduates	B.Comm. Graduates	Other University Degree	Total Graduates	Total Students	Per Cent Graduates
1955	62	18	5	23	85	27
1956	80	23	3	26	106	24
1957	115	24	8	32	147	22
1958	93	26	8	34	127	27
1959	79	27	4	31	110	28
1960	95	28	5	33	128	26
1961	92	29	6	35	127	27
1962	110	28	8	36	146	25
1963	101	33	9	42	143	30
1964	95	52	5	57	152	37
1965	79	47	8	55	134	41
	1,001	335	69	404	1,405	
Percentage of Total Students	70	24	6	30	100	
Percentage of Total Graduates		83	17	100		

Source: Records of the Institute of Chartered Accountants of Alberta.

shows that fifty-two per cent of students entering articles in 1965 were university graduates. In contrast to the make-up of university graduates entering articles in Alberta (eighty-three per cent B.Comm. graduates and seventeen per cent other degree graduates) over the ten year period, the Ontario statistics of graduates in articles showed forty-eight per cent B.Comm. graduates and fifty-two per cent "other degree" graduates over the same ten year period.<sup>2</sup> The Ontario success in attracting

<sup>2</sup>Calculated from data presented in the Hutchison Report and more recent figures in the Report of University Degree Requirement in 1970.



"other degree" graduates indicates a source to which Alberta practitioners may look in meeting their student requirements after 1970.

### University Origin of Graduates Who Entered Articles

Table XXXIII shows that Alberta practitioners recruited most of the graduates from their own provinces. Sixty-eight per cent of the graduates who entered articles in Alberta received their degrees from the University of Alberta.<sup>3</sup> The data pertaining to the degrees received, as reported by respondents and shown in Table XXXIII, is in agreement with the actual data presented in Table XXXII.

TABLE XXXIII

#### UNIVERSITY AND DEGREE ORIGINS OF GRADUATES IN

#### ARTICLES BETWEEN 1953 AND 1964

University Attended	Degree				Number	Per Cent
	B.Comm. Acctg. Major	B.Comm. Other	Other Degree	More Than One Degree		
Alberta	59*	101*	11	4	175	68
Saskatchewan	36	5	-	1	42	17
Other Canadian	10	6	7	-	23	9
Non-Canadian	4	1	6	5	16	6
Number	109	113	24	10**	256	100
Percentage	43	44	9	4	100	

\*Prior to 1961, the University of Alberta did not have an accounting major in its Commerce programme; thirty-nine of the fifty-nine accounting majors are from the 1961 to 1964 classes. The remaining twenty accounting majors (from prior to 1961) considered themselves accounting majors because the Commerce programme prior to 1961 contained three or four accounting courses. Similarly, ninety-five of the 101 "B.Comm. Other" prior to 1961 could be considered accounting majors.

\*\*Total includes five respondents who were counted in either B.Comm. accounting major or B.Comm. Other.

<sup>3</sup>Prior to 1966, there was only one university conferring degrees in





## VIII. TYPE OF FIRMS GRADUATES CHOSE TO ARTICLE WITH

Unlike the legal and medical professions, the accounting profession, as a whole, is concentrated into larger units. The tendency of firms to amalgamate and spread across their provinces, the country and the world results from, and parallels, the growth and size of the corporate business entity. Since university graduates, especially Commerce graduates, are exposed to the operations of the large business entities in their studies, it is expected that they would be attracted to the larger firms which provide professional services to the National and International corporate entities.

Table XXXIV shows the concentration of university graduates with the National and International accounting firms. More than two-thirds of the graduates articulated with these types of firms, while less than one-third chose local and provincial practices. Of the relatively small number of graduates that did articulate with local and provincial practices, the majority were from the University of Alberta.

TABLE XXXIV

## TYPE OF FIRM GRADUATES ARTICLED WITH BY UNIVERSITY ORIGIN

Type of Firm	Alberta		Saskatchewan		Other Canadian		Non-Canadian		Total	
	#	%	#	%	#	%	#	%	#	%
International	68	39	16	39	10	43	5	39	99	39
National	47	27	16	39	5	22	4	31	72	29
Provincial	26	15	3	7	2	9	2	15	33	13
Local	33	19	6	15	6	26	2	15	47	19
	174	100	41	100	23	100	13	100	251	100

Alberta. Commencing in 1966, a second university, the University of Calgary, also conferred degrees.



IX. CHOICES OF GRADUATES WHOSE IMMEDIATE  
RELATIVES WERE CHARTERED ACCOUNTANTS

There has been much controversy among Chartered Accountants and university graduates entering articles concerning:

- (a) What university degree is the best preparation for Chartered Accountancy?
- (b) What is the best type of firm to article with?
- (c) Should graduates remain in public practice after receiving their C.A. certificate?

Table XXV compares the choices of graduates in articles who had Chartered Accountants as immediate relatives to choices of graduates who did not have Chartered Accountants as immediate relatives. From the comparison, it would appear that having a Chartered Accountant as an immediate relative does influence the choice of university degree and the decision to remain in public practice.

X. SUMMARY

Nearly fifty per cent of the university graduates entering articles for Chartered Accountancy in Alberta came from homes where the father had a business or professional background. Fifty-three per cent of the university graduates served their articles away from home, and each year from 1953 to 1964 an increasing majority financed their own university studies.

The dominant factors influencing university graduates to article for Chartered Accountancy were aptitude tests and the understanding that



TABLE XXXV  
CHOICES OF GRADUATES WHOSE IMMEDIATE  
RELATIVES WERE CHARTERED ACCOUNTANTS

Choice	Univ. Grads. who had C.A.'s as Imme- diate Relatives		Univ. Grads. who did not have C.A.'s as Immediate Relatives	
	#	%	#	%
Degree Received - B.Comm.	29	96	193	87
- Other	1	4	28	13
	30	100	221	100
Type of Firm Articled With -				
International	12	40	87	40
National	7	23	65	29
Provincial	6	20	27	12
Local	5	17	42	19
	30	100	221	100
Remaining in Practice	19	63	112	51
Left Public Practice	11	37	109	49
	30	100	221	100

a C.A. qualification could lead to a responsible and well-paid position in industry. In addition to these dominant factors, accounting courses also influenced B.Comm. graduates to pursue Chartered Accountancy. The influence of parents, relatives, teachers and career counsellors showed a decreasing trend over the period of the survey.

The number and proportion of university graduates entering articles in Alberta has shown a marked increase over the last four years, increasing from thirty-six graduates (twenty-five per cent of the total student enrollment) in 1962 to fifty-five graduates (forty-one per cent) in 1965. While notable progress has been made in attracting university graduates into articles, a great deal remains to be done if the profession is to achieve its 1970 objective of a 100 per cent university graduates intake.





Over the eleven-year period 1955-1965 inclusive, the ration of "B.Comm. graduates" to "other degree graduates" was eighty-three per cent to seventeen per cent. Sixty-eight per cent of the graduates received their degrees in Alberta, seventeen per cent in Saskatchewan, and the remaining fifteen per cent from other universities. More than two-thirds of these graduates articulated with National and International accounting firms while less than one-third chose Local and Provincial practices. Since Local and Provincial firms employed more than fifty per cent of the students in 1965, it is clear that they will be faced with the largest adjustment as a result of the 1970 transition to a university degree prerequisite.



## CHAPTER VI

### EDUCATION AND EXAMINATIONS DURING ARTICLES

#### I. INTRODUCTION

At the time of Confederation in 1867, the sections of the British North America Act dealing with the allocation of powers between the Federal Government and the Provinces allocated virtually all matters concerning education to the individual Provinces. Because of the requirements of provincial autonomy, the development of accounting education in Canada has largely taken place at the provincial level.

While variations in the Courses of Instruction offered in the various provinces exist, it is only at the primary level (end of first year) and for the subjects of Law and Economics that provincial examinations are written. Intermediate examinations at the end of the third year, and final examinations at the end of the fifth year are uniform across Canada.

Uniform intermediate and final examinations in accounting and auditing were first adopted in 1939. In order to comply with the requirements of provincial autonomy, the use of uniform examinations rests entirely upon their voluntary acceptance by each Provincial Institute. The Provincial Institutes, recognizing the desirability of uniform examinations and uniform grading, have always accorded the necessary acceptance.

The passing requirements for the uniform examinations in accounting and auditing are an average of 60% in each subject. Accounting and auditing are treated as two subjects, the individual examination papers





in each being totalled to determine the standing of the candidate. Supplemental examination privileges are granted subject to the prescribed regulations of the individual Provincial Institutes.

In Alberta, students are given two attempts at the Provincial primary examinations and three attempts to pass the National uniform intermediate examinations before being disqualified. At the present time, there are no limits on the number of attempts granted students to pass their National uniform final examinations.

Table XXXVI presents a brief summary of the results of Chartered Accountancy examinations held in 1964.

The uniform final examinations are based on the Uniform Final Examinations Syllabus which in turn is based on an adopted Body of Knowledge.<sup>1</sup> The Body of Knowledge sets out the desired areas and levels of knowledge and competence a candidate should attain before being permitted to become a member. The Uniform Final Examination Syllabus is the basis for examining candidates on those portions of the Body of Knowledge which are not covered by Provincial examinations.

University graduates who entered articles from 1951 to 1964 had three sources from which they could obtain the required knowledge and competence in accountancy: (1) University, (2) C.A. Course of Instruction, and (3) Practical Experience. Question 12 of the questionnaire to university graduates asked graduates to indicate the amount of knowledge and competence they acquired from each of the three sources for each of

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<sup>1</sup>The Uniform Final Examinations Syllabus is reproduced in Appendix D.



## RESULTS OF EXAMINATIONS HELD DURING 1964

Institute	Primary				Intermediate				Final			
	Total Number Candidates	Total Number Passed	Percentage Passed on 1st Attempt	Total Number Candidates	Total Number Passed	Percentage Passed on 1st Attempt*	Total Number Candidates	Total Number Passed	Total Number Granted Supplemental	Percentage Passed on 1st Attempt*		
British Columbia	121	81	63	148	70	49	110	73	11	78		
Alberta	109	53	42	137	60	37	127	79	17	70		
Saskatchewan	50	22	39	38	11	42	24	17	1	87		
Manitoba	127	57	31	127	61	47	78	56	7	80		
Ontario	565	351	58	723	316	40	434	272	62	77		
Quebec	-	-	-	257	92	29	449**	217	84	58		
New Brunswick	28	14	44	25	6	24	13	8	2	67		
Nova Scotia	32	21	68	60	19	22	37	18	9	31		
Prince Edward Island	3	1	Nil	8	3	33	3	2	-	67		
Newfoundland	36	17	39	34	12	19	19	5	4	44		
Total	1,071	617	52	1,557	650	38	1,294	747	197	69		

\*"Percentages passed on first attempt" refers to candidates writing the Uniform Examinations.

\*\*Includes thirty-four (seventeen passes, three supplementals, and 63.6% passed on first attempt) writing licentiate examination under McGill University, twenty-one (nine passes, seven supplementals, and 41.2% passed on first attempt) writing under L'Ecole des Hautes, Etudes Commerciales de Montreal, and eighty-one (forty-five passes, eighteen supplementals, and 58.5% passed on first attempt) writing under Laval University.

SOURCE: The Canadian Institute of Chartered Accountants Annual Report, 1964/65.





the twenty-two broad categories of the Body of Knowledge.

## II. KNOWLEDGE AND COMPETENCE ACQUIRED FROM UNIVERSITY COURSES

The analysis presented in Table XXXVII deals with the responses of B.Comm. graduates only and does not include the responses of other degree graduates. It should also be noted that 204 of the 222 B.Comm. graduate respondents could be considered accounting majors (Table XXXIII).

The extent to which B.Comm. accounting major programs are influenced by professional requirements is illustrated in Table XXXVII. There were only four categories of knowledge and competence (#8, 13, 14 and 15) in which more than fifty per cent of the B.Comm. graduates reported that their university courses were inadequate and only five categories (#1, 2, 17, 20 and 21) in which a similar majority reported that university courses had provided adequate knowledge and competence in accountancy. In the remaining thirteen categories, B.Comm. graduates were divided in their opinions. Some reported that they received a moderate amount of accounting knowledge and competence from their university courses while others answered that universities were either adequate or inadequate in providing professional requirements.

It is widely conceded that universities are perhaps the best equipped to provide professional education and Canadian accounting journals rarely exclude some mention of transferring all professional accounting education to the universities. However, based on the findings in Table XXXVII, such a transfer would be disastrous unless the highly specialized requirements of the Uniform Final Examination Syllabus were substantially broadened (or done away with), or the universities' curri-





TABLE XXXVII

ACCOUNTANCY KNOWLEDGE AND COMPETENCE ACQUIRED FROM UNIVERSITY COURSES

Broad Category	Adequate		Moderate		Inadequate		Total	
	#	%	#	%	#	%	#	%
1. Business entities (types) . . . . .	147	68	53	25	14	7	214	100
2. Accounting principles and practices . . . . .	172	80	41	19	3	1	216	100
3. Financial reporting . . . . .	86	41	84	40	40	19	210	100
4. Problems in balance sheet valuations . . . . .	88	42	82	39	40	19	210	100
5. Internal control . . . . .	39	18	77	37	94	45	210	100
6. Accounting and analytical controls . . . . .	62	29	91	44	56	27	209	100
7. Specialized accounting (municipal, estate cost, etc.) . . . . .	43	20	86	41	83	39	212	100
8. Specialized businesses (banks, insurance, oil) . . . . .	10	5	39	18	162	77	211	100
9. Bankruptcy, liquidation, trusts, etc. . . . .	41	19	88	42	83	39	212	100
10. Financing . . . . .	72	34	80	37	63	29	215	100
11. Auditing, techniques and procedures . . . . .	35	16	74	35	104	49	213	100
12. Auditor's report on financial statements . . . . .	61	29	81	39	68	32	210	100
13. Organization and regulation of Chartered Accountants . . . . .	15	7	53	25	141	68	209	100
14. Business investigations . . . . .	23	11	72	34	117	55	212	100
15. Administrative skills . . . . .	43	20	58	28	110	52	211	100
16. The Canadian business community . . . . .	42	20	84	40	84	40	210	100
17. Economic theory . . . . .	169	78	46	21	2	1	217	100
18. Taxes, income, estate, gift and sales . . . . .	37	18	73	35	99	47	209	100
19. Regulatory legislation . . . . .	45	22	78	37	86	41	209	100
20. Mercantile law . . . . .	121	56	69	32	25	12	215	100
21. Mathematics and statistics . . . . .	169	78	47	22	1	0	217	100
22. Communications, reports, letters, etc. . . . .	53	25	72	34	86	41	211	100
Total	1,573	34	1,528	33	1,561	33	4,662	100



culums reshaped to provide for the requirements of the Uniform Final Examination Syllabus. It would appear that even a compromise of the two alternatives would be an enormous task because of the different purposes served by each.<sup>2</sup>

### III. KNOWLEDGE AND COMPETENCE ACQUIRED FROM THE C.A. COURSE OF INSTRUCTION

The primary purpose of the C.A. Course of Instruction is to provide the theoretical knowledge and competence in areas outlined in the adopted "Body of Knowledge." Inasmuch as university graduates, except B.Comm. accounting majors,<sup>3</sup> are required to take the C.A. Course of Instruction, graduates were asked not only to give their evaluation of the C.A. Course of Instruction, but also to indicate the broad categories of the "Body of Knowledge" in which the C.A. Course of Instruction duplicated the university courses they had taken.

The responses of graduates, which identify categories in which the C.A. Course of Instruction was considered adequate, moderate, inadequate, or duplicating university courses, are summarized in Table XXXIX. In six categories (#8, 15, 16, 17, 21, and 22) more than fifty per cent of the respondents felt the C.A. Course of Instruction was inadequate.

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<sup>2</sup>The objective of the uniform final examinations is to insure that the candidate has met the requirements which will uphold the standards of the profession. Universities are concerned more with basic concepts, the broadening of minds and the development of critical abilities.

<sup>3</sup>While the C.A. Course of Instruction is optional for B.Comm. accounting majors, 54% of those granted exemptions from the course did take it. Table XXXVIII.





TABLE XXXVIII

## UNIVERSITY GRADUATES EXEMPTED FROM C.A. COURSE OF INSTRUCTION

	Exempted From C.A. Course of Studies	Not Exempted From C.A. Course of Studies	Total
Took C.A. Course of Instruction	54%	100%	68%
Did not take C.A. Course of Instruction	46%	-	32%
	100%	100%	100%
Number of Respondents	(178)	(73)	(251)



TABLE XXXIX

## ACCOUNTANCY KNOWLEDGE AND COMPETENCE ACQUIRED FROM THE C.A. COURSE OF INSTRUCTION

Broad Category	Adequate		Moderate		Inadequate		Total		Duplicated University	
	#	%	#	%	#	%	#	%	#	% of Total
1. Business entities (types) . . . . .	68	46	55	37	25	17	148	100	58	39
2. Accounting principles and practices . . . . .	101	67	37	25	12	8	150	100	81	54
3. Financial reporting . . . . .	73	50	48	32	26	18	147	100	35	24
4. Problems in balance sheet valuations . . . . .	57	39	65	44	26	17	148	100	36	24
5. Internal control . . . . .	70	47	58	38	22	15	150	100	34	23
6. Accounting and analytical controls . . . . .	58	39	63	42	29	19	150	100	39	26
7. Specialized accounting (municipal, estate cost, etc.) . . . . .	34	23	74	49	42	28	150	100	30	20
8. Specialized businesses (banks, insurance, oil) . . . . .	7	5	46	30	97	65	150	100	8	5
9. Bankruptcy, liquidation, trusts, etc. . . . .	35	23	66	43	51	34	152	100	28	18
10. Financing . . . . .	29	19	67	45	53	36	149	100	32	21
11. Auditing, techniques and procedures . . . . .	70	46	54	36	27	18	151	100	39	26
12. Auditor's report on financial statements . . . . .	97	64	39	26	15	10	151	100	36	24
13. Organization and regulation of Chartered Accountants . . . . .	91	60	38	25	23	15	152	100	7	5
14. Business investigations . . . . .	35	24	60	40	54	36	149	100	16	11
15. Administrative skills . . . . .	11	7	45	30	93	63	149	100	7	5
16. The Canadian business community . . . . .	11	8	46	31	91	61	148	100	9	6
17. Economic theory . . . . .	11	8	30	21	103	71	144	100	22	15
18. Taxes, income, estate, gift and sales . . . . .	57	38	74	49	20	13	151	100	23	15
19. Regulatory legislation . . . . .	32	22	70	47	46	31	148	100	18	12
20. Mercantile law . . . . .	42	29	53	36	50	35	145	100	51	35
21. Mathematics and statistics . . . . .	11	8	34	23	100	69	145	100	10	7
22. Communications, reports, letters, etc. . . . .	26	18	38	26	83	56	147	100	10	7
Total	1,026	31	1,160	36	1,088	33	3,274	100	629	19





There were only four categories, (#2, 3, 12, and 14) in which more than half of the graduates stated that the C.A. Course of Instruction was adequate. In the remaining categories, respondents were quite divided in their answers.

There was only one category, (#2, accounting principles and practices) in which more than fifty per cent of the graduates reported that the C.A. Course of Instruction duplicated university courses. In total, the percentage of respondents indicating that the C.A. Course of Instruction duplicated university courses was nineteen per cent, ranging from five per cent in categories eight and thirteen to fifty-four per cent in category two.

#### IV. KNOWLEDGE AND COMPETENCE ACQUIRED FROM PRACTICAL EXPERIENCE

The categories in which graduates acquired their accounting knowledge and competence from practical experience are shown in Table XL. In total, forty-one per cent of the graduates felt that knowledge acquired through practical experience was adequate. Only twenty-seven per cent of the respondents indicated that there were inadequacies in their practical experience. The remaining thirty-two per cent answered that practical experience provided a moderate amount of knowledge and competence. The main categories of deficiency in practical experience as reported by graduates were categories nine, seventeen and twenty-one.

A comparison of Tables XXXVII, XXXVIII, and XL exemplifies the value of practical experience as an important source of knowledge and competence for Chartered Accountants. Of the three sources (practical experience, C.A. Course of Instruction and university courses), practical experience had the largest total weighted percentage of respondents indicating "adequate" and the smallest percentage reporting "inadequate."





TABLE XL

ACCOUNTANCY KNOWLEDGE AND COMPETENCE ACQUIRED FROM PRACTICAL EXPERIENCE

Broad Category	Adequate		Moderate		Inadequate		Total	
	#	%	#	%	#	%	#	%
1. Business entities (types) . . . . .	145	62	75	32	13	6	233	100
2. Accounting principles and practices . . . . .	145	60	76	32	19	8	240	100
3. Financial reporting . . . . .	167	69	54	23	19	8	240	100
4. Problems in balance sheet valuations . . . . .	130	55	74	31	33	14	237	100
5. Internal control . . . . .	160	67	58	24	22	9	240	100
6. Accounting and analytical controls . . . . .	105	45	100	42	31	13	236	100
7. Specialized accounting (municipal, estate cost, etc.) . . . . .	52	22	73	31	112	47	237	100
8. Specialized businesses (banks, insurance, oil) . . . . .	69	29	74	31	96	40	239	100
9. Bankruptcy, liquidation, trusts, etc. . . . .	39	17	64	27	131	56	234	100
10. Financing . . . . .	61	26	89	37	87	37	237	100
11. Auditing, techniques and procedures . . . . .	190	79	39	16	11	5	240	100
12. Auditor's report on financial statements . . . . .	185	78	43	18	9	4	237	100
13. Organization and regulation of Chartered Accountants . . . . .	108	46	91	38	38	16	237	100
14. Business investigations . . . . .	69	29	83	35	87	36	239	100
15. Administrative skills . . . . .	71	30	98	40	71	30	240	100
16. The Canadian business community . . . . .	68	29	107	45	62	26	237	100
17. Economic theory . . . . .	23	10	42	19	162	71	227	100
18. Taxes, income, estate, gift and sales . . . . .	146	61	77	32	17	7	240	100
19. Regulatory legislation . . . . .	59	25	107	46	67	29	233	100
20. Mercantile law . . . . .	33	14	91	40	106	46	230	100
21. Mathematics and statistics . . . . .	28	12	59	26	143	62	230	100
22. Communications, reports, letters, etc. . . . .	104	44	99	41	35	15	238	100
Totals	2,157	41	1,673	32	1,371	27	5,201	100



## IV. ABRIDGEMENT OF GRADUATE EVALUATIONS

A comprehensive view of the adequacy and inadequacy of the C.A. Course of Instruction, university studies and practical experience as sources of knowledge and competence for Chartered Accountancy for each of the broad categories of the Body of Knowledge is presented by Table XLI and XLII. These tables also isolate categories of the Body of Knowledge which are not adequately covered by any of the three sources.

The summary of inadequacies (in percentages) by categories, for each of the sources of knowledge and competence is presented in Table XLI. The bracketed ( ) number in each category indicates the source having the greatest inadequacy relative to the other sources. Of the three sources available for the study of Chartered Accountancy, university courses showed the largest number of inadequacies. It is important that this disclosure be recognized and dealt with if professional accounting education is to be turned over to the universities.

In the categories of the Body of Knowledge considered outside the areas of accounting and auditing, (i.e. categories 15, 16, 17, 21 and 22) it is clear from Table XLI that the C.A. Course of Instruction does not provide adequate instruction. In at least two of these categories, number seventeen and twenty-one, the university courses appear to provide better instruction. The high rate of inadequacy in practical experience reported by graduates in the categories of specialized accounting and bankruptcies (categories 7 and 9, respectively) illustrates the limited amount of such work performed by the profession as a whole.







TABLE XLI

INADEQUACIES OF EXISTING SOURCES IN PROVIDING KNOWLEDGE  
AND COMPETENCE IN CHARTERED ACCOUNTANCY

Broad Category	Source of Knowledge and Competence		
	University	C.A. Course of Instruction	Practical Experience
	(Percent Indicating Inadequate)		
1. Business entities (types) .	7	(17)	6
2. Accounting principles and practices . . . . .	1	(8)	(8)
3. Financial reporting . . . .	(19)	18	8
4. Problems in balance sheet valuations . . . . .	(19)	17	14
5. Internal control . . . . .	(45)	15	9
6. Accounting and analytical controls . . . . .	(27)	19	13
7. Specialized accounting (muni- cipal, estate cost, etc.) .	39	28	(47)
8. Specialized businesses (banks, insurance, oil) . .	(77)	65	40
9. Bankruptcy, liquidation, trusts, etc. . . . .	39	34	(56)
10. Financing . . . . .	29	36	(37)
11. Auditing, techniques and procedures . . . . .	(49)	18	5
12. Auditor's report on finan- cial statements . . . . .	(32)	10	4
13. Organization and regulation of Chartered Accountants .	(68)	15	16
14. Business investigations . .	(55)	36	36
15. Administrative skills . . .	52	(63)	30
16. The Canadian business com- munity . . . . .	40	(61)	26
17. Economic theory . . . . .	1	(71)	(71)
18. Taxes, income, estate, gift and sales . . . . .	(47)	13	7
19. Regulatory legislation . .	(41)	31	29
20. Mercantile law . . . . .	12	35	(46)
21. Mathematics and statistics	0	(69)	62
22. Communications, reports, letters, etc. . . . .	41	(56)	15

NOTE: Bracketed numbers ( ) indicate the source having the greatest inadequacy.

SOURCE: Summary of Tables XXXVII, XXVIII and XL.



TABLE XLII

## ADEQUACIES OF EXISTING SOURCES IN PROVIDING KNOWLEDGE

## AND COMPETENCE IN CHARTERED ACCOUNTANCY

Broad Category	Source of Knowledge and Competence		
	University	C.A. Course of Instruction	Practical Experience
	(Percent	Indicating	Adequate)
1. Business entities (types) .	(68)	46	62
2. Accounting principles and practices . . . . .	(80)	67	60
3. Financial reporting . . . .	41	50	(69)
4. Problems in balance sheet valuations . . . . .	42	39	(55)
5. Internal control . . . . .	18	47	(67)
6. Accounting and analytical controls . . . . .	29	39	(45)
7. Specialized accounting (muni- cipal, estate cost, etc.) .	20	(23)	22
8. Specialized businesses (banks, insurance, oil) . . . . .	5	5	(29)
9. Bankruptcy, liquidation, trusts, etc. . . . .	19	(23)	17
10. Financing . . . . .	(34)	19	26
11. Auditing, techniques and procedures . . . . .	16	46	(79)
12. Auditor's report on financial statements . . . . .	29	64	(78)
13. Organization and regulation or Chartered Accountants .	7	(60)	46
14. Business investigations . .	11	24	(29)
15. Administrative skills . . .	20	7	(30)
16. The Canadian business com- munity . . . . .	20	8	(29)
17. Economic theory . . . . .	(78)	8	10
18. Taxes, income, estate, gift and sales . . . . .	18	38	(61)
19. Regulatory legislation . .	22	22	(25)
20. Mercantile law . . . . .	(56)	29	14
21. Mathematics and statistics	(78)	8	12
22. Communications, reports, letters, etc. . . . .	28	18	(44)

NOTE: Bracketed numbers ( ) indicate source providing most adequate knowledge and competence.

SOURCE: Summary of Tables XXXVII, XXVIII and XL.





The high percentage of responses indicating inadequacies in all the sources of knowledge and competence for categories 7, 8, 9, 10, 14, 15, 16, 19 and 22, suggests a need for either a reassessment of the programs provided by the various sources, or a reconsideration of the need for including some of the categories in the professional requirements.

#### V. ADEQUACY OF EXISTING SOURCES OF KNOWLEDGE AND COMPETENCE

The summary of responses relating to the adequacy of university education, the C.A. Course of Instruction and practical experience in providing knowledge and competence required for Chartered Accountancy is presented, in percentages (with the most adequate sources bracketed), in Table XLII. If a rigid standard of sixty-five per cent or greater response indicating adequacy is applied to the individual sources of knowledge and competence, only eight of twenty-two categories of knowledge and competence are satisfactorily provided to the prospective Chartered Accountant. Reducing the standard to fifty per cent or more increases the number of categories in which knowledge and competence is satisfactorily provided to twelve or only one-half of the total categories. If the profession is to meet the demand for personnel, both in quantity and quality, steps must be taken to provide the required knowledge that does not appear to be adequately provided by existing sources.





## VI. SUGGESTIONS BY GRADUATES TO IMPROVE THE C.A. COURSE OF INSTRUCTION

As evidenced by Table XXXIX only thirty-one per cent of the university graduates indicated that the C.A. Course of Instruction adequately provided the knowledge and competence required in Chartered Accountancy; an additional thirty-six per cent reported that they received only "moderate" knowledge and competence from the course. Given the opportunity, nearly every graduate took advantage of the space provided in the questionnaire to make suggestions on how the C.A. Course of Instruction could be improved. Students who were exempted and did not take the C.A. Course of Instruction were asked to state their reasons for not taking the course. Their reasons and suggestions were summarized and are presented in abbreviated form in Tables XLIII and XLIV.

TABLE XLIII

REASONS WHY EXEMPTED STUDENTS DID NOT TAKE  
THE C.A. COURSE OF INSTRUCTION

Reasons	Number of University Graduates
Did not consider course necessary	30
C.A. Course of Instruction would have been duplication of courses taken at university	22
Felt that self-study would be better than course study	12
Firm did not pay fees	7
Attended a few classes, course did not appear adequate	4
No time for courses because of too much overtime	3



TABLE XLIV

## SUGGESTIONS BY GRADUATES TO IMPROVE THE C.A. COURSE OF INSTRUCTION

Suggested Improvements	Number of University Graduates
Better teachers or instructors needed	78
Eliminate duplication of material between years	25
Turn instruction over to University of Alberta	13
Increase the number of class hours	11
A more up-to-date course of instruction	10
Better coverage of Cost Accounting and Income Tax	9
Summer School study or continuous study program	8
A course that would be in line with examinations	7
Revised course schedule so that study time is lighter during heavy working season in offices	6
Less theory and a more practical approach	5
Lectures instead of problem solving sessions	5
Week night classes instead of Saturday morning classes	4
More relation of theory to practice	4
More emphasis on Economics and Quantitative Techniques	4
An intensive pre-exam review	3
Case method of study	3

The less frequent suggestions made include: too much time required for assignments; provide exposure to business world through seminars; emphasize modern trends revised to "age of computers"; more stress on financial community at large and economics.





Some of the reasons and suggestions, in the respondents' own words, are of interest not only because they support the statement made by the respondent, but because they give some insight into the way in which inadequacies are viewed by them. A selection of these actual comments is reproduced below:

I did not take the course because B.Comm.'s who had previously taken the course suggested that the course was a complete waste of time because the instructor did nothing but read the course material to the class.

I was exempted from the course and did not take it voluntarily as I was told by persons who had taken it that the fourth and fifth years of the course were not very good. They said a university graduate would not learn anything new and the only purpose the course would serve would be to keep his "nose in the books."

Being exempt but keen to learn, I did take the course. I found it duplicated, but in most cases did not come up to, the university standards in the courses I had previously taken. The lecturers were not only inadequate, they were poor. The students were treated with a sub-high school attitude with attendance and book checks and requiring almost a note from mother when they were absent.

The C.A. Course is many years out of date. As a result, other professionally trained people are taking over areas formerly handled by accountants. These are mainly in the field of operations research, quantitative analysis, applied statistics, computers, models and simulations. The C.A. Course training is very remiss in its responsibilities to students and I consider this a very serious matter. I have taken post-graduate work and this year taught at the McGill C.A. summer course and was very disheartened at the type of subjects and the learning of obsolete material. Continuation of the present courses will relegate C.A.'s to unimportant and minor roles in the future.

First, it is extremely complimentary to call the C.A. Course one of instruction. There is little or no instruction to be received from attending some, since most of the instructors simply take up question and answers and make no attempt at lecturing or instructing. They should be called accounting and auditing labs and no more.

I do feel the students should have an organization to make their wants in education and complaints in article treatment known to the whole C.A. organization, as students are not even considered part of the organization and are unaware of its operation until graduation.



More qualified instructors or perhaps instructors who are more interested in communication of the the theory and ideas involved rather than just writing problem solutions on the blackboard.

The course, presented as it is, is preoccupied with problems. Little or no time is spent discussing or expanding on the underlying concepts of the problems, thus it becomes difficult to recognize weaknesses or incorrect thinking in the readings, lecture material and problems.

The course should be given on a continuous daily basis for a period of six to eight weeks, as are other university courses. Present courses amount to about fifty-five to sixty hours of instruction which in my opinion is not enough to cope with the C.A. exams.

A crash course to acquaint B.Comm. graduates with the writing up of books, auditing techniques and procedures is necessary.

The most pressing need is for better instructors, (not necessarily better qualified).

The course of instruction has improved considerably in the past two years, however a need still exists to remove some of the material in the fifth year that is too general. (1963 respondent).

The courses provided by the Institute in which I participated (4th year only) were for all intents of no value to a B.Comm. graduate except as a general review. The quality of the lectures was far below that of the university professors in the same areas. The area in which the B.Comm. student is least qualified, is in auditing theory, which is not covered in either the fourth or fifth year course. I would recommend that auditing presently taught in the third year C.A. course be made available to the B.Comm. student who is only articling for two years.

I often feel that the students have a better knowledge of some lessons than do the instructors.

Took three lectures. Useless instructor, so gave it up as a bad job and waste of money.

The course itself is pretty fair but the instruction left much to be desired. More emphasis is needed in covering difficult areas rather than merely taking up the problems assigned.

The course itself is basically sound. However, qualified instructors are lacking and this in itself is detrimental to any training the student hopes to get. Also, more time in the classroom would help to improve the course.





The quality of instructors has been very poor. They are not qualified as instructors and they take on the job in half-hearted manner. The instructor should be semi-permanent or permanent, e.g. using the university lecturers so that techniques and knowledge are established and developed.

Cut out some of the duplication between the C.A. course and university courses, thereby allowing concentration on those items not covered at the university.

Better instructors. Some seem to be involved in the course of instruction only for the remuneration involved.

Examinations do not measure ability to perform in normal business situations. You will recall an advertisement in the C.A. magazine "unusual problems for examination purposes wanted".

I was satisfied with the course; however, I feel that now we are entering the age of computers and should orient ourselves in that direction.

## VII. STEPS TAKEN TO OVERCOME DEFICIENCIES IN

### C.A. COURSE OF INSTRUCTION

In an attempt to improve the C.A. Course of Instruction, The Institute of Chartered Accountants of Alberta, through its Education Committee, has undertaken a comprehensive project which it believes will overcome a great many of the limitations in the C.A. Course of Instruction. Foremost in the accomplishments to date has been the replacement of the Queen's University Correspondence course material with a revised and up-dated Western Canada Course. The employment of a full-time Director of Education should also be helpful.

To overcome the deficiencies of the present program, the Committee has developed plans, to be implemented in 1967, which call for a four-week summer school each year to provide courses in Statistics, Computing Science, Economics, Finance and Accounting. As a long-run

② Appendix B.





objective, the Committee is giving full support to a proposal for an intersessional B.Comm. accounting major degree. If approved this program would have the university provide full-time instruction to students in articles during the months of May to August and evening classes in the winter months each year. This program would enable students to obtain practical experience with a practicing Chartered Accountant during the months of September to April each year.

For the interim period and until the intersessional program is operational, the Education Committee is co-operating with other Western Canadian provinces in continuously revising and up-dating the Western Canada Course of Instruction. In addition, it is participating with other provinces in the development of subject area courses which will provide flexible programs for university graduates entering articles.

#### VIII. ADVICE OF GRADUATES REGARDING EDUCATIONAL PREREQUISITES FOR STUDENTS ENTERING ARTICLES

The views of practitioners relating to the 1970 transition to a university prerequisite were summarized in Tables XIX and XX. A corresponding summary of the opinions of university graduates is presented in Tables XLV and XLVI. Table XLV summarizes the advice of graduates by the year in which they entered articles, while Table XLVI classifies the advice of university graduates by: (1) type of firms articulated with, (2) scholastic average in final undergraduate year, and (3) degree received.

As might be expected, a large majority of the university graduates (eighty-four per cent - Table XLV) advised that a university degree was a

② Appendix II



necessary prerequisite. Since eighty-seven per cent of the respondents were B.Comm. graduates (Table XXXII), it was surprising to find that only thirty-four per cent advised a university degree with business and accounting. The disparity between the large number of graduates who advised a university degree other than a B.Comm. and the small number of "other degree" graduates which practicing firms plan to hire (Table XV) is difficult to reconcile. One explanation might be that practicing offices prefer B.Comm. graduates because they can be more productive in the short run.

Over the period of the survey, the advice of graduates pertaining to educational prerequisites has not changed substantially. As shown by Table XLV, the proportions for the 1955 and prior period are quite similar to the total mix.

TABLE XLV

## ADVICE ON EDUCATIONAL REQUIREMENTS FOR ARTICLING STUDENTS

	1955 & Prior	1956-1958	1959-1961	1962-1964	Total
High School Matric.	11%	8%	2%	9%	8%
Two Years University	3%	6%	4%	9%	5%
University Degree	45%	54%	51%	50%	50%
University Degree With Business and Accounting	41%	26%	41%	29%	34%
No Opinion	-	6%	2%	-	2%
Other	-	-	-	3%	1%
Total	100%	100%	100%	100%	100%
Number of Responses	(71)	(50)	(56)	(74)	(251)





TABLE XLVI

ADVICE OF GRADUATES REGARDING EDUCATIONAL REQUIREMENTS  
FOR STUDENTS ENTERING ARTICLES

<u>Classified By Type Of Firm Articled With</u>										
	Internat.		National		Provincial		Local		Total	
	#	%	#	%	#	%	#	%	#	%
High School Matric.	6	6	2	3	5	15	7	15	20	8
Two Years University	4	4	6	9	-	-	4	9	14	5
University Degree	53	54	38	53	18	55	16	34	125	50
Univ. Degree with Bus. and Acctg.	34	34	24	33	10	30	18	38	86	34
No Opinion	2	2	1	1	-	-	1	2	4	2
Other	-	-	1	1	-	-	1	2	2	1
Total	99	100	72	100	33	100	47	100	251	100

<u>Classified By Averages In Final Undergraduate Year</u>										
	75 and Over		65 - 74		Under 64		Total			
	#	%	#	%	#	%	#	%	#	%
High School Matric.	3	6	14	9	3	7	20	8		
Two Years University	4	8	6	4	4	10	14	5		
University Degree	23	48	80	50	22	52	125	50		
Univ. Degree with Bus. and Acctg.	17	36	57	35	12	29	86	34		
No Opinion	1	2	2	1	1	2	4	2		
Other	-	-	2	1	-	-	2	1		
Total	48	100	161	100	42	100	251	100		

<u>Classified By Degree Received</u>										
	B.Comm.		Other Degree		Total					
	#	%	#	%	#	%				
High School Matric.	17	7	3	10	20	8				
Two Years University	10	5	4	14	14	5				
University Degree	107	48	18	62	125	50				
Univ. Degree with Bus. and Acctg.	82	37	4	14	86	34				
No Opinion	4	2	-	-	4	2				
Other	2	1	-	-	2	1				
Total	222	100	29	100	251	100				



In Table XLVI, the analysis of graduates' responses, by the types of firms with which they articulated, traces the advice of graduates to their training background. The largest number (twelve) and proportion (fifteen per cent) of graduates who advised that a high school matriculation was an adequate prerequisite for entry into articles received their training with local or provincial practices. Graduates who trained with local practices were also the lowest (thirty-four per cent) proportion who advised a university degree. The analysis of responses, by the average grades graduates received in their final undergraduate year, shows that this factor did not influence the advice given.

The extent to which the respondents' undergraduate degrees influenced their advice on an educational prerequisite is illustrated in the analysis by degree received. Only thirty-seven per cent (Table XLVI) of B.Comm. graduates advised a university degree with business and accounting, while forty-eight per cent specified a university degree.

With the exception of the graduates who articulated with local firms, there was considerable agreement by all other classifications of responses that the university degree with business and accounting was not the ideal prerequisite for entry into articles. This data further confirms that the university business programs are not meeting the needs of professional accounting.

#### IX. C.A. EXAMINATION PERFORMANCE OF UNIVERSITY GRADUATES

Those who aspire to professional practice in accountancy, with a C.A. designation, must pass the uniform examinations prepared by the





Board of Examiners of the Canadian Institute of Chartered Accountants. The examinations are at two levels, intermediate and final. The intermediate examinations consist of four papers, two in accounting and two in auditing, each of four hours duration. These examinations must be passed by all students except B.Comm. accounting majors<sup>4</sup> before they are permitted to attempt the final examinations. The uniform final examination consists of six papers, three in accounting and three in auditing, each of four hours duration which must be passed by all candidates, without exception. The pass mark for intermediate examinations is a total of 120 out of 200 marks for each of the accounting and auditing sets of examinations. The pass mark for final examinations is a total of 180 out of 300 marks for each of the accounting and auditing sets of examinations. Tables XLVII to XLIX analyse the examination performance of university graduate respondents in this study.

Performance in C.A. Examinations Related to Average in Final Undergraduate Year of University

The relationship between average marks received in the final undergraduate year and performance in C.A. examinations is presented in Table XLVII. The Table shows that university graduates with high marks in their final undergraduate year were distinctly more successful in their first attempts and required fewer attempts to pass examinations than those with low marks in their final undergraduate year. Of the univer-

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<sup>4</sup>University of Alberta or equivalent. See Schedule A of By-laws, Appendix A for exemptions granted.





TABLE XLVII

## PERFORMANCE OF RESPONDENTS IN C.A. EXAMINATIONS

<u>FIRST ATTEMPT--UNIFORM INTERMEDIATE EXAMS</u>									
		<u>Average in Final Undergraduate Year</u>							
		<u>75 and over</u>		<u>65 - 74</u>		<u>64 and under</u>		<u>Total</u>	
		<u>#</u>	<u>%</u>	<u>#</u>	<u>%</u>	<u>#</u>	<u>%</u>	<u>#</u>	<u>%</u>
Accounting (Two Exams)									
Passed Two . . . . .		5	100	24	83	14	74	43	81
Passed One . . . . .		-	-	5	17	5	26	10	19
None Passed . . . . .		-	-	-	-	-	-	-	-
Total		<u>5</u>	<u>100</u>	<u>29</u>	<u>100</u>	<u>19</u>	<u>100</u>	<u>53</u>	<u>100</u>
Auditing (Two Exams)									
Passed Two . . . . .		5	100	24	83	11	58	40	75
Passed One . . . . .		-	-	4	14	4	21	8	15
None Passed . . . . .		-	-	<u>1</u>	<u>3</u>	<u>4</u>	<u>21</u>	<u>5</u>	<u>10</u>
Total		<u>5</u>	<u>100</u>	<u>29</u>	<u>100</u>	<u>19</u>	<u>100</u>	<u>53</u>	<u>100</u>

<u>Number of Attempts Required to Complete Intermediate Exams</u>									
One . . . . .	5	100	20	69	9	47	34	64	
Two . . . . .	-	-	8	28	6	32	14	26	
Three . . . . .	-	-	1	3	4	21	5	10	
Total	5	100	29	100	19	100	53	100	

FIRST ATTEMPT--UNIFORM FINAL EXAMS									
Accounting (Three Exams)									
Passed Three . . . . .	35	97	110	89	23	77	168	89	
Passed Two . . . . .	-	-	8	6	4	13	12	6	
Passed One . . . . .	1	3	6	5	3	10	10	5	
None Passed . . . . .	-	-	-	-	-	-	-	-	
Total	<u>36</u>	<u>100</u>	<u>124</u>	<u>100</u>	<u>30</u>	<u>100</u>	<u>190</u>	<u>100</u>	
Auditing (Three Exams)									
Passed Three . . . . .	35	97	109	88	24	80	168	89	
Passed Two . . . . .	-	-	10	8	1	3	11	6	
Passed One . . . . .	1	3	5	4	2	7	8	4	
None Passed . . . . .	-	-	-	-	3	10	3	1	
Total	<u>36</u>	<u>100</u>	<u>124</u>	<u>100</u>	<u>30</u>	<u>100</u>	<u>190</u>	<u>100</u>	

<u>Number of Attempts Required to Complete Final Exams</u>								
One . . . . .	35	97	103	83	20	77	158	85
Two . . . . .	-	-	17	13	4	15	21	11
Three . . . . .	1	3	2	2	2	8	5	3
Four or More . . . . .	-	-	2	2	-	-	2	1
Total	<u>36</u>	<u>100</u>	<u>124</u>	<u>100</u>	<u>26</u>	<u>100</u>	<u>186</u>	<u>100</u>



TABLE XLVIII

## PERFORMANCE OF RESPONDENTS IN C.A. EXAMINATIONS

<u>FIRST ATTEMPT--UNIFORM INTERMEDIATE EXAMS</u>										
	<u>Type of Firm Articled With</u>									
	<u>Inter-</u>		<u>National</u>		<u>Provincial</u>		<u>Local</u>		<u>Total</u>	
	<u>#</u>	<u>%</u>	<u>#</u>	<u>%</u>	<u>#</u>	<u>%</u>	<u>#</u>	<u>%</u>	<u>#</u>	<u>%</u>
Accounting (Two Exams)										
Passed Two . . . .	20	83	10	83	2	40	11	92	43	81
Passed One . . . .	4	17	2	17	3	60	1	8	10	19
None Passed . . . .	-	-	-	-	-	-	-	-	-	-
Total	<u>24</u>	<u>100</u>	<u>12</u>	<u>100</u>	<u>5</u>	<u>100</u>	<u>12</u>	<u>100</u>	<u>53</u>	<u>100</u>
Auditing (Two Exams)										
Passed Two . . . .	16	66	12	100	3	60	9	75	40	75
Passed One . . . .	4	17	-	-	1	20	3	25	8	15
None Passed . . . .	4	17	-	-	1	20	-	-	5	10
Total	<u>24</u>	<u>100</u>	<u>12</u>	<u>100</u>	<u>5</u>	<u>100</u>	<u>12</u>	<u>100</u>	<u>53</u>	<u>100</u>

<u>Number of Attempts Required to Complete Intermediate Exams</u>										
One . . . . .	13	54	10	83	2	40	9	75	34	64
Two . . . . .	6	25	2	17	3	60	3	25	14	26
Three . . . . .	5	21	-	-	-	-	-	-	5	10
Total	<u>24</u>	<u>100</u>	<u>12</u>	<u>100</u>	<u>5</u>	<u>100</u>	<u>12</u>	<u>100</u>	<u>53</u>	<u>100</u>

<u>FIRST ATTEMPT--UNIFORM FINAL EXAMS</u>										
Accounting (Three Exams)										
Passed Three . . . .	66	89	51	94	23	82	28	82	168	89
Passed Two . . . .	5	7	1	2	2	7	4	12	12	6
Passed One . . . .	3	4	2	4	3	11	2	6	10	5
None Passed . . . .	-	-	-	-	-	-	-	-	-	-
Total	<u>74</u>	<u>100</u>	<u>54</u>	<u>100</u>	<u>28</u>	<u>100</u>	<u>34</u>	<u>100</u>	<u>190</u>	<u>100</u>
Auditing (Three Exams)										
Passed Three . . . .	66	89	51	94	22	79	29	85	168	89
Passed Two . . . .	4	5	-	-	2	7	5	15	11	6
Passed One . . . .	3	4	3	6	2	7	-	-	8	4
None Passed . . . .	1	2	-	-	2	7	-	-	3	1
Total	<u>74</u>	<u>100</u>	<u>54</u>	<u>100</u>	<u>28</u>	<u>100</u>	<u>34</u>	<u>100</u>	<u>190</u>	<u>100</u>

<u>Number of Attempts Required to Complete Final Exams</u>										
One . . . . .	64	90	50	94	21	75	23	68	158	85
Two . . . . .	7	10	2	4	5	18	7	20	21	11
Three . . . . .	-	-	1	2	2	7	2	6	5	3
Four or More . . . .	-	-	-	-	-	-	2	6	2	1
Total	<u>71</u>	<u>100</u>	<u>53</u>	<u>100</u>	<u>28</u>	<u>100</u>	<u>34</u>	<u>100</u>	<u>186</u>	<u>100</u>







TABLE XLIX

FINAL EXAMINATION PERFORMANCE OF GRADUATES EXEMPTED FROM INTERMEDIATE EXAMINATIONS  
COMPARED TO THOSE NOT EXEMPTED

Performance in <u>First Attempt</u>		Exempted From Intermediate Exams		Not Exempted From Intermediate Exams		Total	
		#	%	#	%	#	%
Accounting -	Passed all three	135	92	33	77	168	89
	- Passed two	8	5	4	9	12	6
	- Passed one	4	3	6	14	10	5
		<u>147</u>	<u>100</u>	<u>43</u>	<u>100</u>	<u>190</u>	<u>100</u>
Auditing -	Passed all three	133	91	35	86	168	90
	- Passed two	8	5	3	7	11	6
	- Passed one	5	4	3	7	8	4
		<u>146</u>	<u>100</u>	<u>41</u>	<u>100</u>	<u>187</u>	<u>100</u>
<u>Number of Attempts Required To Complete Finals</u>							
One	. . . . .	127	87	31	76	158	85
Two	. . . . .	14	10	7	17	21	11
Three	. . . . .	3	2	2	5	5	3
Four or more	. . . . .	1	1	1	2	2	1
		<u>145</u>	<u>100</u>	<u>41</u>	<u>100</u>	<u>186</u>	<u>100</u>



sity graduates who are required to write intermediate examinations, sixty-four per cent successfully completed them in their first attempt. The comparative percentage for final examinations is eighty-five per cent.<sup>5</sup> One possible explanation for the relatively poorer showing in intermediate examinations is that graduates usually attempt the examination after ~~only~~ one year of courses and practical experience. The relative difficulty of the uniform intermediate examination can be illustrated by four cases that have recently come to the writer's attention. In each of these cases, non-accounting major B.Comm. graduates failed their intermediate examinations for a second time and in each case these graduates felt it would be easier to pass the required university courses to obtain an accounting major (and thereby be exempted from intermediate examinations) than to attempt the uniform intermediate examinations for the third and final attempt.

Performance in C.A. Examinations Related to Type of Firm Graduates  
Articled With

The knowledge and competence a student in articles acquires from practical experience was observed in Table XL. Inasmuch as practical experience appears to be an important factor in uniform C.A. examinations, the performance of graduates in the intermediate and final examinations was analysed by the type of firms with which graduates articled (Table XLVIII).

At the final examination level, graduates who articled with larger

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<sup>5</sup> See Table XXXVI for results achieved by all types of students writing examinations in 1964.





(national and international) firms performed better than those articulated with smaller firms (provincial and local) both in the first attempt and in the number of attempts required. At the intermediate level, however, graduates who articulated with local firms performed much better than those who articulated with international firms.

Comparison of Performance of Those Graduates Exempt and Not Exempt From Intermediate Examination

As stated in Schedule A of the By-laws of The Institute of Chartered Accountants of Alberta (Appendix A), three year university graduates who achieved second class standings in Accounting 300 and 400 or four-year university graduates with an accounting major are exempted from the intermediate examination and the C.A. Course of Instruction. The underlying basis for granting such exemptions was that the intermediate examination was solely a screening device. Presumably students who had obtained second class standings in Accounting 300 and 400 or a four-year accounting major degree had already been screened. The propriety of granting such exemptions was tested by comparing the performance, in final uniform examinations, of graduates who were exempted and those who were not. The results of this comparison are presented in Table XLIX.

The highly successful final examination performance of university graduates who were exempted from intermediate examinations clearly demonstrates that university performance standards have been an adequate screening device for the accounting profession. However, it should be made clear that the responses tabulated in Table XLIX include only three year graduates exempted by virtue of second class standing in Accounting 300 and 400. Since the first Alberta B.Comm. graduates of the four year





accounting major programme did not write uniform final examinations until 1965, it cannot be stated without further study that the exemptions granted these graduates is warranted.<sup>6</sup>

## X. SUMMARY

Students preparing for a Chartered Accountancy career in Alberta can acquire their knowledge and competence from three sources: universities, the C.A. Course of Instruction, and practical experience. On the basis of evaluations made by university graduates in articles, there are many areas of the C.A. Body of Knowledge (on which the final qualifying examinations are based) that are neglected or overlooked by each of the sources and in some areas by the three sources combined. A high percentage of respondents indicated inadequacies in all three sources in the areas of: specialized accounting, specialized businesses, bankruptcies and liquidations, financing, business investigations, administrative skills, the Canadian business community, and regulatory legislation.

Of the three sources of knowledge and competence in Chartered Accountancy referred to above, practical experience received the largest total weighted response indicating that "adequate" knowledge and competence was acquired from this source. Universities received the largest total weighted response indicating "inadequacies." It would be incorrect to conclude that the universities have been deficient in their responsi-

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<sup>6</sup>An analysis of the 1966 Alberta Final Examination results showed the following first attempt pass percentages: four-year B.Comm. accounting majors, fifty-four per cent; other university graduates, fifty-six per cent; and high school matriculants, sixty-four per cent.



bilities because they have not been charged with the responsibility of educating Chartered Accountants. It is important, however, that the existing inadequacies be recognized and dealt with before any move is made to transfer all professional accounting education to the universities.

The preponderance of criticism about the instructors in the C.A. Course of Instruction suggests that the C.A. Course of Instruction could be improved substantially by utilizing more experienced teachers. The need for a tailored course of instruction for university graduates was also very apparent. While the Institute plans for overcoming the deficiencies in the C.A. Course of Instruction by introducing summer schools and new courses are commendable, improvements may be limited by what the member employers are ready and willing to do, especially since it is they that must bear the immediate burden of change.

As might be expected, a large majority of the university graduate respondents advised that a university degree was a necessary prerequisite for entrance into articles for Chartered Accountancy. Since eighty-three per cent of the respondents had B.Comm. degrees, it was surprising to find that only thirty-four per cent of the total respondents recommended a university degree with business and accounting while fifty per cent recommended just a university degree. It is also surprising that while only thirty-four per cent of the university graduates in articles over the past eleven years advised a university degree with business and accounting, practitioners during this same period of time hired university graduates in the ratio of eighty-seven per cent "B.Comm. graduates" to thirteen per cent "other degree graduates."





In professional accounting examinations, university graduates performed better in the final examinations than in the intermediate examinations. In uniform intermediate examinations, graduates who articulated with local and provincial firms performed better than those who articulated with national and international firms. In the uniform final examinations the reverse was true. The highly successful final examination performance of university graduates who were exempted from intermediate examinations for having achieved second class standings in Accounting 300 and 400 courses clearly demonstrates that these university standards were an adequate screening device for the accounting profession in the past. However, it is questionable if the new standard, exemption from intermediate examinations on a basis of a four-year B.Comm. accounting major, is adequate. The analysis of the 1966 final examination results indicated that four-year B.Comm. accounting majors did not perform well and in fact, did poorly in comparison to other classifications of students.



## CHAPTER VII

### TRAINING AND EXPERIENCE DURING ARTICLES

The importance of practical experience as a source of knowledge and competence required by a Chartered Accountant was examined and compared to other sources (university and C.A. Courses of Instruction) in Tables XXXVII to XLII. In recognizing the significant role of practical experience in training university graduates to become Chartered Accountants, it is necessary to determine if practitioners are carrying out their training role adequately. To achieve this aim, graduates were asked to answer questions and express their views on such matters as: satisfaction with training, amount of supervision, increase in responsibility, relationship of work to studies, guidance and instruction, hours of work and time provided for study. Their responses are tabulated in Tables L to LVIII.

#### I. EVALUATION OF PRACTICAL EXPERIENCE

To determine if differences exist in the training provided by the different types of firms, the responses of graduates related to training were analysed by the types of firms with which graduates were articulated. In terms of total categories in Table L, graduates reported little difference in the training provided by large firms (international and national) and small ones (local and provincial). By individual categories however, significant differences occurred in the areas of financial reporting, internal control and auditing techniques and procedures. In each of these categories, graduates who articulated with the larger firms



TABLE L

Evaluation of Practical Experience Analysed by the Types of Firms Graduates Articled With

Broad Category	Adequate			Moderate			Inadequate			Total		
	Int'nat		Prov & Loc	Int'nat		Prov & Loc	Int'nat		Prov & Loc	Int'nat		Prov & Loc
	#	%		#	%		#	%		#	%	
1. Business entities (types) . . . . .	100	63	45	51	32	24	32	7	5	6	8	158
2. Accounting principles and practices . . . . .	100	65	45	41	26	25	33	14	9	5	7	155
3. Financial reporting . . . . .	123	75	44	31	19	23	30	9	6	10	13	163
4. Problems in balance sheet valuations . . . . .	94	59	36	44	28	30	39	21	13	11	14	159
5. Internal control . . . . .	126	77	34	31	19	27	35	6	4	16	21	163
6. Accounting and analytical controls . . . . .	79	49	26	66	41	34	45	16	10	15	20	161
7. Specialized accounting (municipal, estate cost, etc.) . . . . .	34	21	18	50	31	23	30	77	48	35	46	161
8. Specialized businesses (banks, insurance, oil) . . . . .	56	34	13	56	35	18	24	51	31	45	59	163
9. Bankruptcy, liquidation, trusts, etc. . . . .	27	17	12	44	28	20	27	88	55	43	57	159
10. Financing . . . . .	37	23	24	59	37	30	39	65	40	22	29	161
11. Auditing, techniques and procedures . . . . .	142	87	48	18	11	21	27	3	2	8	11	163
12. Auditor's report on financial statements . . . . .	132	82	53	23	14	20	26	6	4	3	4	161
13. Organization and regulation of Chartered Accountants . . . . .	72	45	36	63	39	28	36	25	16	13	17	160
14. Business investigations . . . . .	44	27	25	58	36	25	32	59	37	28	36	161
15. Administrative skills . . . . .	39	24	33	72	45	26	33	51	31	20	25	162





TABLE L (cont'd)

Broad Category	Adequate			Moderate			Inadequate			Total		
	Int'nat		Prov & Loc	Int'nat		Prov & Loc	Int'nat		Prov & Loc	Int'nat		Prov & Loc
	#	%		#	%		#	%		#	%	
16. The Canadian business community . . . . .	43	27	20	27	27	49	44	28	18	24	157	100
17. Economic theory . . . . .	12	8	11	15	18	19	113	74	49	66	153	100
18. Taxes, income, estate, gift and sales . . . . .	92	57	54	69	35	26	13	8	4	5	162	100
19. Regulatory legislation	38	24	21	28	48	43	45	28	22	29	158	100
20. Mercantile law . . . . .	18	12	15	20	43	33	70	45	36	47	154	100
21. Mathematics and statistics . . . . .	15	10	13	17	24	28	101	66	42	55	154	100
22. Communications, reports, letters, etc. . . . .	65	40	39	51	44	36	25	16	10	13	161	100
Total	1488	42	665	40	1112	32	909	26	461	27	3509	100



felt they were more adequately trained than those with smaller firms.

## II. SATISFACTION WITH TRAINING

One question to university graduates asked them to rate their satisfaction with the training they received while in articles. Their answers, rated on the five-point scale, are classified in Tables LI and LII by: year of entry into articles, type of firm with which articles were served, scholastic average in final undergraduate year and type of degree received. The high percentage (seventy-six per cent) of graduates who indicated that they were "satisfied" or "highly satisfied" with their training during articles is encouraging and cannot be disputed. However, the trend towards decreased satisfaction and increased dissatisfaction indicated in Table LI should be cause for concern, especially since the change appears in the period 1962 to 1964 when graduate intake increased substantially. The growing proportion of dissatisfaction will have to be rectified if the profession wants to attract only university graduates in the future.

TABLE LI

### DEGREE OF SATISFACTION DURING TRAINING

	Year of Entry Into Articles				
	1955 & Prior	1956-58	1959-61	1962-64	Total
Highly satisfied	30%	42%	29%	18%	28%
Satisfied	49%	42%	52%	49%	48%
Indifferent	14%	8%	5%	15%	11%
Dissatisfied	7%	8%	5%	16%	10%
Highly dissatisfied	-	-	9%	2%	3%
Total	100%	100%	100%	100%	100%
Number of Respondents	(71)	(50)	(56)	(74)	(251)





TABLE LII

## SATISFACTION WITH TRAINING DURING ARTICLES

Classified By Type Of Firm Articled With

	<u>Internat.</u>		<u>National</u>		<u>Provincial</u>		<u>Local</u>		<u>Total</u>	
	#	%	#	%	#	%	#	%	#	%
Highly satisfied	32	32	21	29	9	28	9	19	7	28
Satisfied	45	46	41	57	12	36	23	49	121	48
Indifferent	11	11	3	4	6	18	8	17	28	11
Dissatisfied	8	8	5	7	6	18	5	11	24	10
Highly dissatisfied	<u>3</u>	<u>3</u>	<u>2</u>	<u>3</u>	<u>-</u>	<u>-</u>	<u>2</u>	<u>4</u>	<u>7</u>	<u>3</u>
Total	99	100	72	100	33	100	47	100	251	100

Classified By Averages In Final Undergraduate Year

	<u>75 and Over</u>		<u>65 - 74</u>		<u>Under 64</u>		<u>Total</u>	
	#	%	#	%	#	%	#	%
Highly satisfied	15	31	47	29	9	21	71	28
Satisfied	23	48	78	49	20	48	121	48
Indifferent	7	15	18	11	3	7	28	11
Dissatisfied	3	6	13	8	8	19	24	10
Highly dissatisfied	<u>0</u>	<u>0</u>	<u>5</u>	<u>3</u>	<u>2</u>	<u>5</u>	<u>7</u>	<u>3</u>
Total	48	100	161	100	42	100	251	100

Classified By Degree Received

	<u>B. Comm.</u>		<u>Other Degree</u>		<u>Total</u>	
	#	%	#	%	#	%
Highly satisfied	65	29	6	21	71	28
Satisfied	105	48	16	55	121	48
Indifferent	23	10	5	18	28	11
Dissatisfied	23	10	1	3	24	10
Highly dissatisfied	<u>6</u>	<u>3</u>	<u>1</u>	<u>3</u>	<u>7</u>	<u>3</u>
Total	222	100	29	100	251	100



The analysis of satisfaction by type of firm (Table LII) reveals that the largest percentage (thirty-two per cent) of "highly satisfied" graduates articulated with international firms. The largest proportion of "dissatisfied" graduates received their training in local and provincial firms. In the analysis of satisfaction, by scholastic averages in the final undergraduate year, the percentage of graduates reporting "highly satisfied" increased with each higher category of averages, while the percentages of graduates indicating that they were "dissatisfied" decreased with each higher category of averages. The breakdown of responses by degrees received showed that twenty-nine of the thirty-one graduates who expressed dissatisfaction had B.Comm. degrees.

### III. SUPERVISION DURING ARTICLES

Traditionally, the term of articles a student must serve has been a period during which the student received supervision from his principal. To qualify as a principal in Alberta, a Chartered Accountant must be "a member of an Institute of Chartered Accountants in Canada for a period not less than two years and during that time have been associated with a firm of Chartered Accountants or have conducted a public practice for at least one year."<sup>1</sup>

The level of supervision, categorized by partner, senior C.A., newly qualified C.A., and senior student, which university graduates who articulated in Alberta have received is shown by Table LIII. Since twenty per cent of the graduates reported that they were supervised by senior students and newly qualified C.A.'s, it would appear that the by-laws

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<sup>1</sup>Schedule B of Appendix A.





were violated. More alarming is the trend over the period of the study. Supervision by newly qualified C.A.'s and senior students, who are not principals as defined by the by-laws, has increased from twelve per cent in the 1955 and prior period, to twenty-six per cent in the 1962 to 1964 period. As shown by Table LIV, the main offenders are the larger (national and international) firms.

TABLE LIII

## SUPERVISION DURING ARTICLES

	Year of Entry in Articles				Total
	1955 & Prior	1956-1958	1959-1961	1962-1964	
<u>Work Supervised By:</u>					
Partner	54%	46%	18%	23%	35%
Senior C.A.	34%	40%	55%	51%	45%
Newly Qualified C.A.	7%	12%	16%	11%	11%
Senior Student	5%	2%	11%	15%	9%
Total	100%	100%	100%	100%	100%
Number of Respondents	(71)	(50)	(56)	(74)	(251)

TABLE LIV

## SUPERVISION CLASSIFIED BY FIRMS

	Type of Firm With Which Graduates Articled									
	Internat.		National		Provincial		Local		Total	
	#	%	#	%	#	%	#	%	#	%
<u>Work Supervised By:</u>										
Partner	17	17	18	25	19	58	34	72	88	35
Senior C.A.	62	63	36	50	8	24	7	15	113	45
Newly Qualified C.A.	13	13	10	14	1	3	4	9	28	11
Senior Student	7	7	8	11	5	15	2	4	22	9
Total	99	100	72	100	33	100	47	100	251	100





## IV. RATE OF INCREASE IN RESPONSIBILITY

Another question to university graduates sought to determine the opinions of graduates relating to the rate at which they were given increased responsibility. Their opinions are summarized and classified in Table LV. The responses, classified by the type of firm with which graduates articulated and by the degree they received, indicate that these factors were not significant in influencing the response. Perhaps more interesting is the classification of responses by the scholastic averages respondents received in their final undergraduate year. Normally it would be expected that brighter graduates would report that their responsibility increased too slowly. This was not the case, however. The largest proportion of graduates who indicated that their responsibility increased "too slowly" had undergraduate averages of sixty-four per cent or less. A possible explanation may be the students with higher undergraduate averages were given increased responsibility because they were capable of handling increased responsibility while students who had lower undergraduate averages were not capable of increased responsibility.

The interpretation of Table LV would be incomplete if reference was not made to the fact that more than three-quarters of the university graduates reported that their responsibility increased at a satisfactory rate.



TABLE LV

## RATE OF INCREASE IN RESPONSIBILITY

Classified By Type Of Firm Articled With

	<u>Internat.</u>		<u>National</u>		<u>Provincial</u>		<u>Local</u>		<u>Total</u>	
	#	%	#	%	#	%	#	%	#	%
Too Slowly	12	12	15	21	10	30	7	15	44	18
Too Quickly	5	5	3	4	1	3	3	6	12	5
At A Satisfactory Rate	82	83	54	75	22	67	37	79	195	77
Total	99	100	72	100	33	100	47	100	251	100

Classified By Averages In Final Undergraduate Year

	<u>75 and Over</u>		<u>65 - 74</u>		<u>Under 64</u>		<u>Total</u>	
	#	%	#	%	#	%	#	%
Too Slowly	8	17	27	17	9	21	44	18
Too Quickly	2	4	6	4	4	10	12	5
At A Satisfactory Rate	38	79	128	79	29	69	195	77
Total	48	100	161	100	42	100	251	100

Classified By Degree Received

	<u>B. Comm.</u>		<u>Other Degree</u>		<u>Total</u>	
	#	%	#	%	#	%
Too Slowly	39	18	5	17	44	18
Too Quickly	12	5	-	-	12	5
At A Satisfactory Rate	171	77	24	83	195	77
Total	222	100	29	100	251	100





## V. GRADUATES' SUGGESTIONS TO IMPROVE TRAINING

As evidenced by Tables LI to LV, the majority of graduates were satisfied with the training they received during their term of articles. However, when given an opportunity, a large number of graduates gave their suggestion on how the training they received could have been improved.

The most frequent suggestions made by graduates pertained to the need for a greater variety of work and the lack of interest shown by principals in such areas as progress in training, future opportunities, and overall performance (Table LVI).

Selected actual comments of graduates are also reproduced to supplement the categorized summary in Table LVI.

I think practicing members must take a personal interest in each student and make certain that his development is being properly supervised and controlled. This can be done through varying assignments and by assisting the student in the course of instruction or review programs.

In my case I felt that I was loaded down with too many book-keeping jobs, and other routine projects.

More individual attention and involvement, guidance and career counselling. Encourage career planning.

A more frequent evaluation of the student's rate of progress. More frequent job rotation to maximize the student's experience and background.

Don't become an "Additor" before becoming an "Auditor."

Having taken several classes in accounting at university but only one class in auditing, I feel I need more work in the field of auditing rather than in bookkeeping. However, this has not been the case; I have spent more time doing routine bookkeeping jobs than audits. I most sincerely doubt the value of these bookkeeping jobs in preparing me to become a Chartered Accountant.



TABLE LVI

## SUGGESTIONS BY GRADUATES TO IMPROVE TRAINING DURING ARTICLES

<u>Suggested Improvement</u>	<u>No. of Graduates</u>
1. More varied training (work).	42
2. More personal interest in student's training by partners.	35
3. More frequent evaluation of student progress including constructive criticism.	13
4. More training in report preparation.	11
5. Better integration of theory and practice.	10
6. More thorough supervision while learning fundamentals.	10
7. More supervised responsibility.	10
8. More discussion of problems between juniors and seniors.	9
9. Less overtime during examination years.	7
10. Instruction and assistance in preparation for examinations.	7
11. More training in audit techniques, including the why.	7
12. More staff training in procedures and business methods.	5
13. Staff seminars in accounting theory, tax planning and computer accounting.	4

Among the less often mentioned suggestions were the following: more analytical auditing; more stress on the code of ethics; more challenging work; training in communication with non-accountants; planned program of work load and responsibility increases; less tailoring of jobs to suit fees charged; short practical course before commencing articles; less stress on auditing and more accounting training; training in administrative skills as well as accounting and auditing; research assignments; quicker adoption of modern trends; and more emphasis on doing a proper job than on the time factor.





- A. Take a greater interest in student's progress.
- B. Have all persons in supervisory capacities from senior students to partners read half a dozen books on applied psychology, human relations, etc., and then put to practice the principles learned.
- C. Give students an indication of what they might reasonably expect re: future responsibilities, advancement, etc.,--not just 'that will depend' or 'we'll wait and see,' etc.

Only thing is that I spent too much time on enormously large audits, and therefore had trouble maintaining an overall view of the purpose of the audit. More work on smaller jobs would be helpful.

Closer supervision during the early stages of articles. Opportunity to work under various individuals at different times, rather than be on a 'team' system.

The partners and senior C.A.'s should have taken a greater interest in the development of the students.

Better communication between senior partners and articulated students. At no time did my principal ask how I was getting on with my studies, etc.

A greater effort in assigning a greater variety of assignments, rather than the tendency to have a student 'specialize in' certain types of work, i.e., oil or trust companies.

More rotation of jobs within the firm, e.g., I was assigned to particular companies and stayed with them throughout my training period.

I feel that the C.A. firm's interest in service to its client and profit motives excessively superceded the aim of providing students with a wide and diversified experience.

Any attempt at training would have been welcomed. The attitude seemed to be that I was hired to work and any training I received was strictly accidental.

Too little interest is shown by partners in a student's progress--as long as audits are completed, this is the main objective.

In general, it would improve matters if the degree student was treated with the same confidence and manner as the junior partner rather than as a working man.

Be frank about career possibilities in the firm. If there aren't any, say so.





Most partners require training in administrative practice and human relations so they can instill a feeling of satisfaction and accomplishment in their students. They must also realize that the 'master-servant' type of relationship, to which they cling so dearly, went out with the green eye shade.

Less standardized audit programs to allow and induce more freedom of thought and creativeness.

Have most of the partners take a course in man-management and then commence paying a living wage.

Despite a detection of impatient and over zealous ambitions in some of the responses, the preponderance of suggestions in the areas of training and personnel management suggest that practitioners should re-examine their policies in these areas. With regard to the comments pertaining to "narrow" training, some of the responses suggest a violation of the minimum training standards required by the by-laws.<sup>2</sup> Perhaps a vehicle should be provided to channel such criticisms to the attention of persons responsible for enforcing by-law requirements.

## VI. HOURS OF WORK PER WEEK

As shown by Table LVII, the average hours of work including overtime, reported by graduates in articles, did not exceed 40 hours per week. The Table also shows that the graduates who articulated with smaller firms worked slightly longer normal and overtime hours than those with larger firms.

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<sup>2</sup>Ibid, Schedule B of Appendix A.



TABLE LVII

## HOURS OR WORK

Type of Firm Articled With:	Normal Hours Per Week	Overtime Hours Per Week	Total Hours Per Week
International	35	1	36
National	35	2	37
Provincial	36	2	38
Local	37	3	40

## VII. HOURS OF STUDY PER YEAR

An indication of the amount of time that university graduates in articles spend in studies is provided by Table LVIII. Since the C.A. Course of Instruction is conducted over a twenty-four week period (September to March), and because the study for uniform examinations is usually undertaken in the ten weeks prior to examination (April, May, and two weeks in June) a division of the yearly hours reported in Table LVIII by twenty-four and ten provides a reasonable estimate of the weekly study load for courses and examinations. On this basis it would appear that students spend approximately eight and one-half hours (207/24) per week studying in the C.A. Course of Instruction and twenty-four (241/10) hours per week studying for uniform examinations.

It is interesting to note that those students who are exempt from the C.A. Course of Instruction, but still take it, spend an average of 186 hours per year on their studies in the C.A. Course of Instruction while students required to take the course average 236 hours per year. More unexpected is the disclosure that students exempt from the C.A.





Course of Instruction spend an average of 254 hours per year studying for the uniform examinations, whereas those students who are not exempted average 209 hours per year.

TABLE LVIII  
HOURS OF STUDY PER YEAR

Hours of Study Per Year:	Exempted from C.A. Course of Studies		Not Exempted from C.A. Course of Studies		Total	
	# of Stu- dents	Aver- age Hours	# of Stu- dents	Aver- age Hours	# of Stu- dents	Aver- age Hours
C.A. Course of Instruction	89	186	65	236	154	207
Uniform Examinations	155	254	60	209	215	241

#### VIII. DAYS-OFF FOR EXAMINATIONS

Having written uniform examinations, practitioners know that uniform examinations require a great deal of preparation. In the year of examinations, students normally take their holidays prior to examinations and use this time to attend "cram sessions" or study at home. In most instances, practitioners also give their students "time-off" just prior to the examinations. The responses of graduates indicate that an average three "days-off" were given for intermediate examinations and five days for finals. Eighty-seven per cent of the respondents reported that they received normal salary during these "days-off" for studying.



## IX. SALARIES

It was not until the end of the Second World War that the practice of charging premiums (students-in-articles were required to pay a practitioner) for articles began to disappear in England and Wales.<sup>3</sup> As late as 1951, more than 30 per cent of all articles registered in England and Wales provided for a premium and even in 1961 some (less than 3%)<sup>4</sup> articulated students were required to pay a nominal premium. The present survey of university graduates who were in articles in Alberta between 1953 and 1964 included responses from graduates who entered articles in 1951 but none of these reported that they paid a premium.

The small number of "other degree" graduates entering articles in Alberta and the resulting small response from this group precluded their inclusion in the analysis of salaries by year of entry into articles and type of firm articulated with. Salary averages for "other degree" graduates in articles are provided in total by way of a note to Table LIX which provides a salary analysis of B.Comm. graduates' salaries by year of entry into articles and type of firm with which articles were served. The detail presented in Table LIX should not obscure the broad picture of the progress that has been made in starting salaries and the financial reward that awaits those who qualify.

From the data presented in Table LIX, it is obvious that smaller firms have more difficulty in attracting B.Comm. graduates because they

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<sup>3</sup> Report of the Committee on Education and Training, (London: The Institute of Chartered Accountants in England and Wales, 1961), p. 78.

<sup>4</sup> Ibid, p. 79.



are not paying competitive salaries. In total average starting salaries, local and provincial firms were from sixty to seventy dollars per month below international firms. Similar patterns are evident for salaries during second year articles, third year articles and on qualification. The total average salaries for "other degree" graduates shows that there is very little salary discrimination between "B.Comm." and "other degree" graduates despite the belief that the latter are less productive during the early years of their training.





TABLE LIX

## SALARY MEANS FOR B.COMM. GRADUATES

Type Of Firm Articled With:	Entered Articles Prior To 1953 But Still In Articles In 1953		Year Entered Articles:			
			1953		1954	
Salary During:	#	Mean	#	Mean	#	Mean
<u>1st year articles:</u>		\$		\$		\$
International	8	150	2	150	4	171
National	3	146	2	147	-	-
Provincial	9	142	3	150	2	162
Local	5	136	6	163	3	150
Total	25	144	13	156	9	162
<u>2nd year articles:</u>						
International	8	187	2	175	4	202
National	3	173	2	162	-	-
Provincial	9	169	3	205	2	185
Local	4	170	6	189	3	171
Total	24	176	13	186	9	188
<u>3rd year articles:</u>						
International	8	217	2	210	4	239
National	3	231	2	180	-	-
Provincial	9	214	3	269	2	220
Local	4	237	6	215	3	200
Total	24	221	13	221	9	222
<u>On Qualification:</u>						
International	7	319	2	375	4	355
National	3	350	1	375	-	-
Provincial	9	368	3	451	2	383
Local	4	364	6	370	4	413
Total	23	350	12	392	10	384
<u>Three Years After Qualification:</u>						
International	6	526	2	512	3	635
National	3	483	2	625	-	-
Provincial	9	588	2	725	2	729
Local	3	600	4	524	2	612
Total	21	557	10	582	7	655



TABLE LIX (continued)

<u>Type of Firm</u> <u>Articled With:</u>	<u>Year Entered Articles:</u>									
	<u>1956</u>		<u>1957</u>		<u>1958</u>		<u>1959</u>		<u>1960</u>	
<u>Salary During:</u>	#	Mean	#	Mean	#	Mean	#	Mean	#	Mean
<u>1st year articles:</u>		\$		\$		\$		\$		\$
International	4	205	5	213	9	231	6	242	10	240
National	7	180	4	192	4	249	9	229	7	250
Provincial	4	174	1	210	1	260	1	225	3	250
Local	4	183	3	204	1	225	1	250	2	175
Total	19	185	13	204	15	237	17	235	22	239
<u>2nd year articles:</u>										
International	4	238	5	263	9	280	6	266	9	291
National	7	232	4	236	4	289	9	272	6	295
Provincial	4	208	1	235	1	270	1	250	3	286
Local	4	233	3	244	1	250	1	275	2	225
Total	19	228	13	248	15	280	17	269	20	285
<u>3rd year articles:</u>										
International	4	276	5	293	9	336	6	305	8	333
National	7	300	4	286	3	328	8	335	6	335
Provincial	4	261	1	275	1	280	1	275	3	318
Local	4	290	3	283	1	275	1	275	2	262
Total	19	285	13	287	14	326	16	316	19	324
<u>On Qualification:</u>										
International	5	396	5	411	8	457	5	440	8	467
National	7	431	4	437	4	424	7	495	6	489
Provincial	3	450	-	-	1	575	1	350	3	458
Local	3	416	3	474	1	500	1	300	-	-
Total	18	422	12	435	14	459	14	451	17	473
<u>Three Years After Qualifications:</u>										
International	4	668	5	604	9	628	4	672	1	625
National	6	660	4	656	3	735	8	664	2	662
Provincial	3	633	-	-	-	-	1	607	-	-
Local	3	626	2	794	1	600	1	500	-	-
Total	16	651	11	657	13	651	14	651	3	650





TABLE LIX (continued)

<u>Type of Firm</u> <u>Articled With:</u>	<u>Year Entered Articles:</u>								<u>Total</u> <u>Average</u>	
	<u>1961</u>		<u>1962</u>		<u>1963</u>		<u>1964</u>			
<u>Salary During:</u>	#	Mean	#	Mean	#	Mean	#	Mean	#	Mean
<u>1st year articles:</u>		\$		\$		\$		\$		\$
International	8	271	10	317	7	334	16	329	91	254
National	3	278	10	302	3	308	8	336	64	245
Provincial	-	-	1	300	1	350	3	316	30	195
Local	-	-	-	-	2	337	3	274	35	182
Total	11	273	21	309	13	330	30	324	220	232
<u>2nd year articles:</u>										
International	7	320	10	359	7	373	15	372	88	294
National	3	326	9	338	3	343	6	372	60	282
Provincial	-	-	1	360	1	365	3	350	30	228
Local	-	-	-	-	1	300	2	360	32	211
Total	10	322	20	350	12	359	26	369	210	268
<u>3rd year articles:</u>										
International	7	366	4	383	1	400	-	-	60	301
National	3	376	6	383	-	-	-	-	45	315
Provincial	-	-	1	390	1	375	-	-	27	258
Local	-	-	-	-	1	350	-	-	30	244
Total	10	369	11	384	3	375	-	-	162	287
<u>On Qualification:</u>										
International	5	579	5	469	6	505	-	-	61	434
National	3	499	6	485	1	515	-	-	45	452
Provincial	-	-	1	440	-	-	-	-	24	415
Local	-	-	-	-	-	-	-	-	27	401
Total	8	549	12	475	7	506	-	-	157	431
<u>Three Years After Qualification:</u>										
International	-	-	-	-	-	-	-	-	34	607
National	-	-	-	-	-	-	-	-	31	641
Provincial	-	-	-	-	-	-	-	-	18	626
Local	-	-	-	-	-	-	-	-	20	595
Total	-	-	-	-	-	-	-	-	103	618

NOTE: Total average salaries for "other degree" graduates were as follows:

	#	Mean
1st year articles	26	217
2nd year articles	25	247
3rd year articles	18	254
4th year articles	14	273
On Qualification	8	429
Three Years After Qualification	6	691



## X. COMPARISON OF ACCOUNTING SALARIES TO SALARIES IN OTHER DISCIPLINES

The following report from the professional division of the National Employment Service provides the basis for comparison of accounting salaries to salaries in other disciplines.

Report on Starting Salaries for 1964 University Graduates

Discipline	Bachelors \$ per month	Masters \$ per month
General Arts & Science (Pass Degree)	380	-
Honours Biological Sciences	416	-
Honours Chemistry & Biochemistry	425	496
Honours Economics & Political Science	407	469
Honours Geology	448	509
Honours Mathematics	438	-
Honours Mathematics & Physics	438	-
Honours Physics	440	-
Honours Psychology	368	454
Chemical Engineering	454	507
Civil Engineering	445	489
Electrical Engineering	451	498
Engineering Physics	451	-
Mechanical Engineering	452	510
Metallurgical Engineering	459	509
Mining Engineering	478	-
Petroleum Engineering	460	-
Agriculture	420	-
Forestry	418	-
Commerce & Business Administration	409	450
Commerce for C.A. Articles Only	374	-
Education	425	-
Home Economics	370	-
Library Science	391	-
Nursing	340	-
Pharmacy	470	-
Physiotherapy	340	-
Social Work	385	430





The table of estimated monthly salaries reflects the rates paid by larger national employers. Starting salaries offered by local employers may either be above or below these figures depending upon economic conditions.

The information contained in the table was obtained from two sources. One of these was a survey of national employers active in the recruitment of university graduates, while the other was a survey of personnel engaged in the placement of university students in employment. In instances where there was insufficient information, or the sample was too small to provide a valid estimate, no figures are given.<sup>5</sup>

A comparison of starting salaries reported by the National Employment Service and Table LIX shows that the salaries paid to B.Comm. graduates entering articles in Alberta in 1964 were \$50.00 per month below the estimated national average. Since most of the B.Comm. graduates entering articles in Alberta in 1964 articulated with National and International firms, the difference is probably the result of regional differences in the cost of living.

B.Comm. graduates who possess the required academic standing have the alternative of pursuing a Master's degree or articling for Chartered Accountancy as a means of furthering their education. One way of comparing the resulting starting salaries of the two alternatives is to compare the estimated starting salaries of persons obtaining a Master's Degree in Commerce and Business Administration with the starting salaries of newly qualified Chartered Accountants. As shown by the National Employment Service estimates, the starting salary for graduates with a Master's Degree in Commerce and Business Administration was \$450 per

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<sup>5</sup> Supply and Demand, University Graduates, (Ottawa: Student Placement Section, Executive and Professional Division, National Employment Service, 1964/65), p. 8.





month in 1964. The comparable starting salary (excluding regional difference referred to above) on qualification as a Chartered Accountant was \$549 per month (Table LIX, graduate entering articles in 1961 qualifying three years later). A comparison of starting salaries for Chartered Accountants (Table LIX) with post-graduate (Master's) degrees in other disciplines (National Employment Service estimates), clearly shows (taking regional differences into account) that starting salaries for Chartered Accountants are higher than any other post-graduate degree included in the National Employment Service report.

#### XI. RELATIONSHIP OF WORK TO STUDY

The highly specialized and advanced nature of the Uniform Final Examinations Syllabus<sup>6</sup> suggests that it would be unreasonable to expect graduates to report a close relationship between work and studies during the short period of articles graduates are required to serve. In the opinion of graduates, however, only twenty-two per cent (Table LX) reported that their work was not related to their studies. Since the largest proportion of graduates who indicated that their work was "closely related" to their studies were articulated with larger firms, it would appear that larger firms have a greater variety of work to assign to their students.

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<sup>6</sup>The Uniform Final Examination Syllabus is reproduced in Appendix D.



TABLE LX

## RELATIONSHIP OF WORK TO STUDIES, CLASSIFIED BY TYPE OF FIRM ARTICLED WITH

	<u>International</u>		<u>National</u>		<u>Provincial</u>		<u>Local</u>		<u>Total</u>	
	#	%	#	%	#	%	#	%	#	%
Closely Related	21	21	15	21	3	9	10	21	49	20
Fairly Closely Related	63	64	42	58	17	52	23	49	145	58
Not Related	15	15	15	21	13	39	14	30	57	22
Total	99	100	72	100	33	100	47	100	251	100

## XII. GUIDANCE AND INSTRUCTION IN STUDIES AND TRAINING

In an attempt to determine whether practitioners take an active interest in the studies and training of their students, graduates were asked a series of specific questions relating to their studies and training. Their answers were summarized and classified by the type of firm with which they were articulated and are shown in Table LXI.

The results presented in Table LXI demonstrate that a large percentage of graduates are not receiving any guidance from their principals. In total, only forty-four per cent of graduates indicated that they were given some guidance on suitable readings in their preparation for examinations. Of the graduates who articulated with provincial and local firms only thirty and thirty-six per cent respectively, reported that they received guidance in readings. The guidance that graduates received relating to their progress in studies and training was not much better. In total, only forty-seven per cent indicated they had received such guidance. Whether it is reasonable to expect practicing offices to provide instruction to assist graduates in their course of instruction and uniform examinations is debatable since many practi-





TABLE LXI

GUIDANCE AND INSTRUCTION RECEIVED BY UNIVERSITY GRADUATES IN ARTICLES

		Inter-National		National		Provincial		Local		Total	
		#	%	#	%	#	%	#	%	#	%
Guidance in Reading, Study and Training											
Guidance Received:											
Suitable reading in preparation for examinations		41	41	42	58	10	30	17	36	110	44
Yes		58	59	30	42	23	70	30	64	141	56
No		99	100	72	100	33	100	47	100	251	100
Progress in studies and training											
Yes		44	44	42	58	14	42	17	36	117	47
No		55	56	30	42	19	58	30	64	134	53
		99	100	72	100	33	100	47	100	251	100
Instructions To Assist With The C.A. Course of Instruction and Uniform Examinations											
Received instructions		36	36	43	60	9	27	15	32	103	41
Did not receive instructions		63	64	29	40	24	73	32	68	148	59
		99	100	72	100	33	100	47	100	251	100
Hours of Instruction Per Year to Assist With The C.A. Course of Instruction											
		Aver-age		Aver-age		Aver-age		Aver-age		Aver-age	
		#	Hours	#	Hours	#	Hours	#	Hours	#	Hours
Hours of Instruction		35	23	41	17	8	22	15	17	99	19.5



tioners feel that this is the purpose of the C.A. Course of Instruction. Table LXI shows that the majority of students do not receive any instruction from their principals; those who do receive instruction appear to receive very little, an average of nineteen and one-half hours per year.

### XIII. MEETING ASPIRATIONS OF UNIVERSITY GRADUATES

An open-ended question to university graduates allowed graduates still in articles or public practice to express their views on the profession. More specifically, the question asked: "In your opinion, how can the C.A. profession, through its Committees and members, more adequately meet the aspirations of university graduates entering articles?" The categorized responses are summarized in Table LXII.

### XIV. SUMMARY

Practitioners who employed university graduates can take pride in the disclosure that three-quarters of the respondents were satisfied with the training they received during their articles. However, the trend towards decreased satisfaction should be cause for concern. The degree of satisfaction with training varied according to: (1) the scholastic averages university graduates received in their final undergraduate year; and (2) the type of firm with which they articulated. The percentage of "highly satisfied" graduates increased with each higher category of scholastic averages while the percentage of graduates who were "dissatisfied" with their training increased with each lower category of scholastic averages. The largest proportion of graduates who





TABLE LXII

ADVICE OF UNIVERSITY GRADUATES IN ARTICLES ON HOW THE PROFESSION MIGHT  
MEET THE ASPIRATIONS OF UNIVERSITY GRADUATES ENTERING ARTICLES

Advice	Number of University Graduates
1. Pay salaries that are comparable with industry.	35
2. Familiarize graduates with C.A. work and potential opportunities.	35
3. Provide a course of instruction that will supplement the university instruction rather than starting university graduates at the third year of a five year course.	27
4. Provide a continually expanding challenge for best experience.	18
5. Insure that only those firms capable of providing adequate training may train graduates.	12
6. More personal guidance and training; contact with senior staff rather than students.	16
7. Post-graduate training (continuing education).	9
8. Improve professional image by improving public relations.	8
9. Provide educational seminars to keep students currently informed.	6
10. Ensure that members are turning out work of the highest standard.	6
11. Provide opportunity for greater specialization within the profession.	6
12. Better communication between universities and the Institute.	3

Among the less frequent suggestions were the following: financial assistance to attend special courses; appraisal reports (staff partner meetings); encourage participation in Institute activities; develop programs leading to administrative skills as well as technical skills; upgrade quality of courses and exams and provide some information on how university graduates can meet the aspirations of their principals.





were "highly satisfied" with their training during articles had articulated with international firms while the largest proportion of graduates who reported "dissatisfaction" articulated with local and provincial firms.

Over the period of the survey, an increasing number of university graduates reported that they were supervised by senior students and recently qualified Chartered Accountants. Inasmuch as senior students and recently qualified Chartered Accountants do not qualify as principals within the definition of the Institute By-laws, it would appear that in some cases, the Institute's minimum standards of training requirements are not being met.

More than three-quarters of the university graduates indicated that their work responsibilities increased at a satisfactory rate. The majority of respondents who reported that their work responsibility increased "too slowly" had final year undergraduate marks in the lowest category.

While respondents were generally satisfied with their training, many took advantage of the opportunity provided them to make suggestions on how the training of students in articles could be improved. The most frequent suggestions pertained to: (1) the need for a greater variety of work; and (2) the lack of interest shown by principals in such areas as progress in training and future opportunities with the firm. The lack of interest shown by practitioners was further evidenced by the very limited guidance given to students in their readings and studies.

During articles, the demands on the university graduates' time are heavy, especially in the winter months. While respondents indicated



that work requirements do not exceed forty hours per week (on average) including overtime, it is commonly known that overtime is heaviest during the winter months. In addition, graduates reported that they studied an average of eight hours per week during the winter months and an average of twenty-four hours per week in the ten weeks preceeding the June uniform examinations.

A majority (seventy-eight per cent) of graduates in articles felt that their practical experience related to their studies. As in the evaluation of practical experience, graduates who articulated with larger firms indicated a closer relationship of work to study than those with smaller firms.

Starting salaries for graduates entering articles have increased substantially in the past twelve years. In 1953 the average starting monthly salary for B.Comm. graduates entering articles was \$154, and in 1964 it was \$320. (1967 B.Comm. Accounting Major graduates entering articles are reporting starting salaries of \$450 and \$475 per month). Salaries on qualification as a Chartered Accountant are equal to and quite often higher than starting salaries for other post-graduate degrees. Despite the favorable salary level on qualification as a Chartered Accountant, respondents were united in their call for salaries during the period of articles which are comparable to industry standards.

In addition to calling for increased salaries during articles, respondents felt that practitioners and the Institute of Chartered Accountants could more adequately meet the aspirations of university graduates entering articles by:





1. Familiarizing potential candidates with the nature of Chartered Accountancy and the opportunities it has to offer.
2. Providing courses of instructions which are specifically designed for university graduates.
3. Providing a continually expanding challenge in practical experience.
4. Insuring that only those firms capable of providing adequate training are permitted to train university graduates.
5. Increasing personal guidance and training by partners.



## CHAPTER VIII

### LOSS AND MOVEMENT FROM PUBLIC PRACTICE

Akin to the problem of attracting university graduates to article for Chartered Accountancy is the retention of such graduates after they have been given education and training in accountancy. Two types of losses from public practice can be distinguished and identified. First, there are graduates who cancel their articles before completing their studies and training and second, there is the movement of recently qualified Chartered Accountants to employment outside public practice. To determine the characteristics of university graduates who left public practice, their reasons for doing so, and what these graduates are now doing, those graduates who quit articles or left public practice were asked to answer five questions.<sup>1</sup> Their responses are summarized and presented in the remaining Tables.

#### I. DISPOSITION OF UNIVERSITY GRADUATES

The disposition of university graduates as viewed by practitioners who employed university graduates is presented in Table LXIII. Of the 251 graduate respondents who entered articles, ten per cent cancelled their articles, thirty-eight per cent qualified and left public practice, and an additional eleven per cent qualified and remained in public practice but not with the firm to which they were articulated. Only twenty-five per cent of university graduates who qualified as Chartered Accountants have remained with the firms with which they articulated. It is necessary to

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<sup>1</sup>Questions nineteen to twenty-three of the questionnaire to university graduates (Appendix C).



note that the figures for the latter group are not complete, as only twenty-two of the sixty-two graduates who have remained have been with the firm for more than two years. Equally significant is the revelation that seventy-three of the ninety-five university graduates (seventy-seven per cent) who qualified and left public practice did so within one year of completing their articles. Faced with these odds, it is understandable that practitioners appear reluctant to do their utmost in carrying out their training responsibility. It remains to be determined which of these graduates are leaving, why they are leaving, and what practitioners might do to prevent this attrition.

TABLE LXIII  
DISPOSITION OF UNIVERSITY GRADUATES

	Number	Per Cent
Cancelled articles . . . . .	25	10
Qualified and left public practice . . . . .	95*	38
Qualified and remained with firm to which they were articled . . . . .	62**	25
Qualified, remained in public practice, but left the firm they articled with . . . . .	28	11
Still in articles . . . . .	41	16
	251	100

\* Seventy-three left within one year of completing articles.  
\*\* Only twenty-two have been with the firm more than two years.

II. REASONS FOR LEAVING ARTICLES OR PUBLIC PRACTICE

Classified By Position Held Prior To Leaving

Table LXIII indicated that the greatest movement from public practice occurred within a short period after qualification. Table LXIV confirms that finding, as only eighteen per cent of the university





TABLE LXIV

REASONS FOR LEAVING ARTICLES OR PUBLIC PRACTICE CLASSIFIED BY POSITIONS HELD PRIOR TO LEAVING

Reasons	Sole Practitioner	Partner in C.A. Firm	Super-visor	Senior	Semi-Senior	Junior	Other	Total
(a) The C.A. was needed as a stepping stone to a position in private industry. A career as a C.A. was never considered.	-	-	-	18%	18%	12%	33%	15%
(b) The work was not found enjoyable.	-	-	9%	12%	18%	25%	-	12%
(c) The work was enjoyable, but a better opportunity presented itself.	25%	43%	46%	22%	4%	-	-	19%
(d) The work was enjoyable, but remuneration was too low.	-	14%	9%	22%	23%	25%	-	19%
(e) Public practice was left to obtain further education.	50%	14%	-	13%	4%	25%	-	12%
(f) Working conditions were unfavorable.	-	-	-	1%	-	-	-	1%
(g) A variety of factors influenced the decision to leave public practice.	25%	29%	36%	12%	33%	13%	67%	22%
Number of responses	100%	100%	100%	100%	100%	100%	100%	100%
Percentage of total	(4)	(7)	(11)	(60)	(27)	(8)	(3)	(120)
	3.3	5.8	9.2	50.0	22.5	6.7	2.5	100.0



graduates who left public practice attained supervisory positions. The majority of university graduates who did attain supervisory status found their work enjoyable but left public practice because a better opportunity presented itself. The same reason was prominent for graduates attaining the position of "senior." Other frequently mentioned reasons why seniors left public practice were: the work was enjoyable, but remuneration was too low; and the training was used as a stepping stone to a position in private industry. Similar reasons were indicated by semi-seniors, with an additional eighteen per cent stating that the work was not enjoyable.

#### Classified By Types Of Firms With Which Articles Were Served

Table LXV shows that all types of practices were almost equally affected by the movement from public practice. The greatest proportionate movement (fifty-five per cent) was from the local practices. The main reason stated for leaving this type of practice was that the work was enjoyable but the remuneration was too low.

The single most common reason why university graduates left provincial and national firms was that the work was enjoyable, but better opportunities presented themselves. With the exception of one respondent who indicated unfavorable working conditions, reasons for leaving international firms were fairly evenly distributed.

#### Classified By Averages Received In Final Undergraduate Year

The question pertaining to whether the best university graduates remain in public practice is answered to some extent by the analysis in Table LXVI. As shown by the analyses, the smallest proportionate loss or





TABLE LXV

REASONS FOR LEAVING ARTICLES OR PUBLIC PRACTICE CLASSIFIED BY  
TYPES OF FIRMS WITH WHICH ARTICLES WERE SERVED

	Type of Firm Articled With											
	International		National		Provincial		Local		Total			
	#	%	#	%	#	%	#	%	#	%	#	%
(a) The C.A. was needed as a stepping stone to a position in private industry. A career as a C.A. was never considered.	8	18	3	9	4	27	3	11	18	15		
(b) The work was not found enjoyable.	6	13	6	18	1	7	2	8	15	13		
(c) The work was enjoyable, but a better opportunity presented itself.	7	15	8	24	5	33	3	12	23	19		
(d) The work was enjoyable, but remuneration was too low.	7	15	6	18	2	13	8	31	23	19		
(e) Public practice was left to obtain further education.	7	15	3	9	1	7	3	11	14	12		
(f) Working conditions were unfavorable.	1	2	-	-	-	-	-	-	1	1		
(g) A variety of factors influenced the decision to leave public practice.	10	22	7	22	2	13	7	27	26	21		
Total intake	46	100	33	100	15	100	26	100	120	100		
Percentage of intake	99		72		33		47		251			
	46.5		45.8		45.4		55.3		47.8			



TABLE LXVI

REASONS FOR LEAVING ARTICLES OR PUBLIC PRACTICE CLASSIFIED BY  
AVERAGES RECEIVED IN FINAL UNDERGRADUATE YEAR

	Averages in Final Undergraduate Year						Total	
	75 and Over	65 - 75	Under 65				#	%
	#	%	#	%	#	%		
(a) The C.A. was needed as a stepping stone to a position in private industry. A career as a C.A. was never considered.	4	23	11	13	3	17	18	15
(b) The work was not found enjoyable.	3	18	9	11	3	17	15	13
(c) The work was enjoyable, but a better opportunity presented itself.	3	18	16	19	4	22	23	19
(d) The work was enjoyable, but remuneration was too low.	1	6	18	21	4	22	23	19
(e) Public practice was left to obtain further education.	2	11	11	13	1	5	14	12
(f) Working conditions were unfavorable.	-	-	-	-	1	6	1	1
(g) A variety of factors influenced the decision to leave public practice.	4	24	20	23	2	11	26	21
Total intake	17	100	85	100	18	100	120	100
Percentage of intake	48		161		42		251	
	35.4		52.8		42.8		47.8	



movement from public practice was from the category of university graduates who had the highest marks in their final undergraduate year. The largest loss and movement of university graduates from public practice, both in relative and absolute measures, was from students with "average" grades (final undergraduate year averages from sixty-five to seventy-four per cent).

An analysis of the reasons why university graduates with the highest undergraduate marks left articles or public practice shows that twenty-three per cent never considered a career as a Chartered Accountant and a further eleven per cent left to obtain further education. Equally gratifying to the practitioners is the disclosure that only one "top" university graduate left because remuneration was too low. Somewhat less gratifying was the result that three "top" university graduates left articles or public practice because the work was not found enjoyable.

#### Classified By Degree Received

Table LXVII indicates that the loss from articles or public practice was roughly the same for graduates holding "B.Comm." and "other degrees." It was surprising to find that all fifteen respondents who indicated that the work was not found enjoyable had "B.Comm." degrees. Normally, it would be expected that "other degree" respondents would more likely make the wrong choice in choosing an accounting career because of their lack of exposure to business and accounting courses.





TABLE LXVII

REASONS FOR LEAVING ARTICLES OR PUBLIC PRACTICE CLASSIFIED BY DEGREE RECEIVED

	Degree Received			Total		
	B. Comm. #	%	Other Degree #	%	#	%
(a) The C.A. was needed as a stepping stone to a position in private industry. A career as a C.A. was never considered.	16	15	2	15	18	15
(b) The work was not found enjoyable.	15	14	-	-	15	13
(c) The work was enjoyable, but a better opportunity presented itself.	20	19	3	24	23	19
(d) The work was enjoyable, but remuneration was too low.	21	20	2	15	23	19
(e) Public practice was left to obtain further education.	12	11	2	15	14	12
(f) Working conditions were unfavorable.	1	1	-	-	1	1
(g) A variety of factors influenced the decision to leave public practice.	22	20	4	31	26	21
Total intake	107	100	13	100	120	100
Percentage of intake	222		29		251	
	48.2		44.8		47.8	



Summary of Reasons For Leaving Articles Or Public Practice

Reason: The C.A. was needed as a stepping stone to a position in private industry. A career as a C.A. was never considered. The respondents indicating this reason were all below supervisory capacity and the majority obtained their training from international firms. They were usually B.Comm. graduates who had a variety of averages in their final undergraduate year.

Reason: The work was not found enjoyable. This reason was usually given by scholastically average B.Comm. graduates who articulated with larger firms but did not attain supervisory positions.

Reason: The work was enjoyable, but a better opportunity presented itself. The respondents stating this reason had various academic backgrounds and usually attained supervisory positions with larger firms before leaving.

Reason: The work was enjoyable, but remuneration was too low. Graduates providing this reason held various positions with the different types of firms. They were mostly B.Comm. graduates who had achieved average or lower academic standing.

Reason: Public practice was left to obtain further education. These respondents were generally B.Comm. graduates who held the position of a senior with a large firm before leaving. Academically, they had achieved average or above average marks in their final undergraduate year.





### III. ATTITUDE TO PRESENT JOB AND FUTURE PLANS

Of the 120 graduates who left public practice, more than two-thirds (eighty-one graduates) are presently involved in accounting and auditing work. As shown by Table LVIII, less than one-third of the 120 graduates are completely satisfied and have no desire to change. Nearly two-thirds are reasonably satisfied but would not be averse to a change in occupation if an opportunity presented itself.

The largest number of graduates (twenty-seven) who left public practice are presently employed in the oil and gas industry. Furthering education and the tax department were the next preferred choices, with fifteen graduates choosing education and thirteen taking employment with the tax department. Seven graduates have found themselves in the construction industry and another six are attending university. The remaining graduates are thinly distributed in areas ranging from electronic computer sales and law to personnel and public entertainment.

### IV. SUGGESTIONS TO PREVENT THE LOSS AND MOVEMENT FROM PUBLIC PRACTICE

By means of an open-ended question, university graduates who quit articles or left public practice were asked to give their suggestions on how the loss and movement from public practice might be prevented. Their suggestions, which bear a close resemblance to the improvements suggested by graduates remaining in public practice (Table LXII), are presented in Table LXIX.

The preponderance of undirected advice and suggestions stressing low salaries, nature of work, opportunities, guidance and instruction,



TABLE LXVIII

GRADUATES WHO HAVE LEFT ARTICLES OR PUBLIC PRACTICE--ATTITUDE TO  
PRESENT JOB AND PLANS FOR THE FUTURE

	Number	Percentage
Complete satisfaction, no wish to change jobs	39	32
Reasonable satisfaction, but alert to new opportunities	76	63
Dissatisfaction and desire to change, but not to return to public practice	3	3
Dissatisfaction and desire to return to public practice	2	2
	120	100

requires serious consideration by practitioners. If the profession is to maintain its high professional contribution to society, it must enable its students to achieve full professional competence and ensure that the high demands made upon its personnel are adequately rewarded.

#### V. SUMMARY

Of the 251 respondents (two-thirds of the university graduates who were in articles in Alberta between 1953 and 1964), 120 left public practice by 1964. Of the 131 who remained in public practice, forty-one are still in articles and only sixty-two (twenty-five per cent of the total respondents) who qualified as Chartered Accountants have remained with the firm with which they articulated. Of these sixty-two, only twenty-two have been with the firm with which they articulated for more than two years. Seventy-three of the ninety-five graduates (seventy-seven per



TABLE LXIX

GRADUATES WHO LEFT ARTICLES OR PUBLIC PRACTICE--SUGGESTIONS TO  
PREVENT THE LOSS AND MOVEMENT FROM PUBLIC PRACTICE

Advice Suggested	No. of Graduates
1. Meet industry standards in pay. . . . .	62
2. More challenging work, more responsibility and authority, no bookkeeping . . . . .	30
3. Provide greater opportunity for advancement . . . .	23
4. More instruction and training by partner; at least partners should show some interest in the work of the students . . . . .	12
5. More varied experience . . . . .	10
6. Be frank about career possibilities in the firm . .	6
7. More discussion with partners of client's problems	5
8. More fringe benefits . . . . .	5
9. Partners should know more about "man-management" (abandon master-servant). . . . .	3
10. Provide opportunities for profit sharing . . . . .	3
11. Treat fellow professionals as professional . . . .	3
12. Provide continuing education for graduates . . . .	2
13. Take more care in selecting students . . . . .	2

Among the other suggestions mentioned once were: equal pay for equal status; help students with the course assignments; take positive rather than negative attitude; set high standards of performance; a critical annual review of salaries; encourage imaginative freedom on audit work; less exploitation of the individual; less bureaucratic organization; more frequent staff meetings and more liberal atmosphere.





cent) who qualified and left public practice did so within one year of completing their articles.

A variety of reasons influenced the decisions of the 120 respondents to leave public practice. The most frequently stated reasons were: (1) the work was enjoyable but remuneration was too low or a better opportunity presented itself; and (2) the C.A. as a career was never considered but was needed as a stepping stone to a position in private industry. The largest proportionate movement from public practice was from graduates who articulated with local practices. Scholastically, the smallest proportionate movement of university graduates from public practice was from the category of graduates that had the highest marks in their final undergraduate year at university.

More than two-thirds of the respondents who left public practice are in employment which involves accounting and auditing work. Twenty-seven of the graduates who left public practice are employed in the oil and gas industry and another twenty-eight are working in the tax department and in education. The remainder are employed in fields ranging from computer sales and law to personnel and public entertainment.

University graduates who left public practice suggest that the loss and movement from public practice results from: (1) low salaries; (2) the nature of the work; (3) lack of opportunities for advancement; and (4) the lack of guidance and instruction by partners.



## CHAPTER IX

### SUMMARY AND RECOMMENDATIONS

#### I. PURPOSE OF THE STUDY

The primary purpose of this study was to provide an understanding of Chartered Accountancy education in Alberta and to determine the problems that the profession must overcome in changing its entrance requirement from that of a high school senior matriculation at present, to a university degree prerequisite in 1970. In addition, it was hoped that this study would provide information which could be useful to the Institute of Chartered Accountants of Alberta and the Alberta Universities in planning educational and training programs which would adequately prepare future Chartered Accountants to provide professional services in accounting and auditing.

#### II. IMPROVING FINANCIAL REWARD IN PUBLIC PRACTICE

Public practice plays a major role in the growth and development of any profession. This is especially true in the accounting profession where experience in public practice is so important in the training of a Chartered Accountant.

The survey of university graduates who were in articles between 1953 to 1964 clearly demonstrated that graduates were not satisfied with salary levels in public practice during their articles and on qualification as Chartered Accountants. The majority of respondents who left public practice did so because they were offered higher salaries in





private industry. It has been suggested that the worth of a young man rendering service to many businesses should at least be equal to his worth to a single business unit. Whether low salaries in public practice are a result of inefficient staff utilization or poor fee structures, it is important that the problem be rectified.

The increase of starting salaries to a level comparable to that found in private industry, and the maintenance of a salary scale at a level at least equal to that found in industry, would be a highly worthy objective. In view of the extensive study requirements and the heavy work demands in public practice, recognition in the form of improved compensation would serve not only to retain Chartered Accountants in public practice, but also to attract a greater number of qualified personnel into the profession. To maintain its important professional contribution to society, the profession must enable its students to achieve full professional competence and ensure that the high demands made upon them during articles and on qualification as members are adequately rewarded.

### III. THE NEED FOR A CLEARER UNDERSTANDING OF TRAINING RESPONSIBILITIES BY BOTH PRACTITIONERS AND UNIVERSITY GRADUATES IN ARTICLES

A large majority of university graduates in articles reported satisfaction with: (1) the training they received; (2) the rate at which their responsibilities increased; and (3) the relationship of their work to their studies. However, they also made many criticisms of the supervision and guidance they received.



If university graduates and practitioners are to gain full benefit from the system of service under articles, it is vitally important that they appreciate the full extent of the obligations which they undertake to each other. When practitioners hire university graduates their responsibilities are much greater than is found in a usual employer-employee relationship. The training responsibilities of practitioners are not only to the graduates, but also, and perhaps more important, to the profession as a whole. On the other hand, university graduates must realize that practitioners do not exist for the sole purpose of training university graduates and are not compelled to hire university graduates. The first obligation of practitioners is to serve their clients, and this obligation takes precedence over other considerations. It follows that if practitioners are to accept major responsibilities for training university graduates, graduates must be prepared, on their part, to provide real assistance in servicing practitioners' clients.

While it is difficult to condone the practitioners if they are negligent in their training responsibilities, part of the criticism must rest with the university graduates themselves. University graduates expect high salaries and excellent training during articles without providing any assurance, and quite often little prospect, that they will remain with the firm after they qualify as Chartered Accountants. As shown by the survey results, less than twenty-five per cent of the university graduates who qualified as Chartered Accountants remained with the firms from which they received their training.





## IV. RAISING THE ENTRANCE REQUIREMENTS TO A UNIVERSITY

## DEGREE PREREQUISITE IN 1970

In the general course of evolution, education must continually be adapted to changing conditions. This is particularly true in accountancy education. Radical changes in the economic structure of our society have given rise to increased complexities in business organization and administration. This, in turn, has increased the demands on the accounting profession. To keep pace with these developments, the accounting profession must widen its scope of education beyond the techniques of accounting, auditing and closely related areas. Recognition must be given to prepare a student not only for the immediate professional examinations but also for lifelong learning and adaption to changing conditions. Since universities place central importance on developing students' thought processes, their problem-solving abilities, and their ability to keep on learning after they leave the classroom, the 1970 transition to a university degree prerequisite for Chartered Accountancy is desirable.

While the majority of C.A. practitioners in Alberta agree that the 1970 transition to a university degree prerequisite is desirable and necessary, they are also aware that the change will not be easy. The transition will have a major effect on the practitioners who have relied on high school matriculants as their main source of student staff. Practitioners operating practices in smaller centers and those operating single-office practices in Edmonton and Calgary will encounter the greatest difficulties with the transition. Many of these practitioners





anticipate problems in attracting university graduates and some have frankly admitted that the services their offices provide do not warrant employing university graduates.

To the extent that it is questionable whether all the firms are presently providing professional training to their students, there will be no harm if the transition excludes some firms from "training" students. However, since some firms will be precluded from employing students and others will have difficulty in attracting university graduates, a gap in the public accounting labor force will arise. Even though practitioners are divided on the wisdom of filling this gap with technicians, it appears that they may not have much choice.

#### V. THE NEED FOR A C.A. EDUCATIONAL PROGRAM FOR UNIVERSITY GRADUATES ENTERING ARTICLES

While the transition to a university degree prerequisite will undoubtedly supply the profession with candidates who have been trained to keep on learning for themselves, to be adaptive, and to be able to adjust to new situations, the need for providing knowledge and competence in accounting, auditing and other closely related areas required for Chartered Accountancy will remain. According to university graduates who have been in articles in Alberta, the education and training programs provided to them by: (1) their undergraduate B.Comm. degrees; (2) the C.A. Course of Instruction; and (3) practical experience, had many deficiencies in meeting the wide range of knowledge and competence required by the profession's adopted Body of Knowledge. Based on the findings of the survey of university graduates in articles between 1953 and 1964 in-



clusive, the main causes for the deficiencies have been the ineffectiveness of the C.A. Course of Instruction and the undergraduate B.Comm. degree in preparing university graduates for a career in Chartered Accountancy. The effectiveness of the C.A. Course of Instruction was limited by inadequate instructors and the lack of programs specifically designed for university graduates, while the B.Comm. programs were not specifically designed as an all-inclusive preparation for Chartered Accountancy. As stated in the Faculty Calendar, the objective of the Commerce program is "to provide the best possible basis for effective lifelong learning through actual experience. Details of current practice, though important, can best be taught by business (or the profession) itself and learned through experience."<sup>1</sup>

#### VI. EVALUATION OF CONTEMPLATED CHANGES IN THE C.A. EDUCATIONAL PROGRAM

The proposed changes in the C.A. Course of Instruction (Appendix G) should do much to remove the deficiencies that have occurred in that program. The adoption of "subject area" courses, to replace "course years," should enable the arrangement of programs which will meet the needs of individual graduates. The introduction of four-week summer schools, in which students can take nine of the fifteen "subject area" courses, will provide an opportunity for full-time study and the utilization of qualified instructors. In addition, the introduction of summer schools will eliminate winter classes during the busiest work period

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<sup>1</sup>1966-67 Calendar, Faculty of Business Administration and Commerce, University of Alberta, Edmonton, p. 42.





(January to April) and make additional instructional hours available to provide enlarged and enriched programs.

The inter-sessional B.Comm. Accounting Major degree program which is presently under study by the Institute of Chartered Accountants of Alberta and the University of Alberta (Appendix H) could prove to be an effective means of integrating academic studies with practical experience. Under the present proposal, high school matriculants could obtain B.Comm. Accounting Major degrees by completing a one-year residence requirement at a university or Junior College and four years of inter-sessional, summer school and evening credit studies. Since the inter-sessional and summer school studies require only fourteen weeks of attendance at university, thirty-six to thirty-eight weeks each year would be available for practical experience with a practicing Chartered Accountant. Besides, integrating academic studies with practical experience, the inter-sessional program could provide a new source of students to overcome the expected shortage of university graduates.

## VII. RECOMMENDATIONS FOR ADDITIONAL CHANGES

While changes in the C.A. Course of Instruction and the adoption of inter-sessional B.Comm. Accounting Major program will undoubtedly improve conditions substantially, it is the writer's opinion that additional improvements could be made. For instance, all the academic courses (except applied practice courses in auditing and taxation) in the Institute's "subject area" program could be replaced by university credit courses offered in the inter-sessional program. Such a change would not only place a majority of the profession's educational program



in the hands of the universities, who are acknowledged experts in teaching academic courses, but would also enable the profession to re-direct its efforts on a much needed continuing education program for members.

The major limitation of such a change is that it would not be attractive to those university graduates who would be required to take as many as eight university credit courses without receiving any additional academic recognition. Under the present proposal, a typical Arts and Science graduate would require as many as sixteen B.Comm. courses before receiving the B.Comm. degree. An additional limitation of such a scheme is that it fails to recognize that many of the baccalaureate degree holders are capable of learning at a more rapid pace than the undergraduates with whom they would be taking courses. These limitations could be overcome however, by developing a Master of Accountancy degree for at least those baccalaureate graduates who have exhibited that they are capable of graduate level studies. To gain maximum benefits, the program should be offered on an inter-sessional or semester basis to provide adequate opportunity for integrating academic study with practical experience.

To allow for ample consideration and discussion by the universities and the profession, and to avoid serious hardship to practitioners and existing students, the following sequence of transition is recommended:

1. The implementation of four-week summer schools as presently adopted for all students (university graduates and high school matriculants) presently enrolled in the C.A. Course of Instruction.





2. The immediate adoption of the inter-sessional B.Comm. Accounting Major proposal to provide a new source of students and to ease the transition to the 1970 degree requirement. The adoption of this proposal would also allow Junior Colleges in the Province to play an important role in Chartered Accountancy Education.
3. The requirement, commencing in 1968, that all students (university graduates and high school matriculants) entering articles take eight full inter-sessional or evening credit university courses in place of twelve existing "subject area" courses offered by the Institute. Such a requirement would greatly assist the implementation of the inter-sessional B.Comm. Accounting Major program in the early years and provide substantially increased instructional hours.
4. The development of a Master of Accounting degree program by 1970. This program could be completed in one year by a B.Comm. graduate (non-accounting major) and in two years by a non-Commerce graduate. Because it would be desirable to integrate academic studies with practical experience the program could be extended to two and four years for the respective graduates.

The adoption of these recommendations would then provide three avenues of educational instruction after 1970:

1. The present B.Comm. Accounting Major degree for students attending university on a full-time basis.
2. The inter-sessional B.Comm. Accounting Major degree for students completing one full year of university studies and for those non-accounting major graduates who do not have graduate school entrance requirements.





3. The Master of Accounting degree for university graduates who have shown sufficient ability in their undergraduate work.

As required, supplementary instruction by Institute courses could be provided in those "applied" and "practice" areas not taught by the universities.

#### VIII. AREAS FOR ADDITIONAL RESEARCH

Throughout this study it was apparent that there was need for research in areas that extended beyond the scope of this study. In addition to repeating this study in a few years' time to ascertain the effectiveness of the changes that are presently contemplated, it would be worthwhile if additional studies were undertaken in the following areas:

1. A determination of the most desirable undergraduate study program as a prerequisite for study in Chartered Accountancy.
2. An examination of the adequacy of the two-year article requirement for B.Comm. Accounting Major graduates.
3. If the inter-sessional B.Comm. Accounting Major program is implemented, a comparison of the performance of graduates from this program (academic studies integrated with practical experience) to the conventional B.Comm. Accounting Major program (academic studies followed by practical experience).
4. An evaluation of the profession's adopted Body of Knowledge: the need for it; its content; and its effect on accounting curricula in universities.



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APPENDIX A

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF ALBERTA

THE PROPOSED BY-LAWS AND COMMENTS



## Interpretation

### 1. In these by-laws,

- (a) "Act" means The Alberta Chartered Accountants Act;
- (b) "Council" means the Council of the Institute of Chartered Accountants of Alberta;
- (c) "Institute" means the Institute of Chartered Accountants of Alberta;
- (d) "Co-ordinating Council" means the Co-ordinating Council under The University Act;
- (e) "Board" means the Accountants Experience Appraisal Board appointed pursuant to the Act by the Lieutenant Governor in Council;
- (f) "member practising as a public accountant" means a member resident in Alberta, the North West Territories or the Yukon Territory who is a "public accountant" as defined in the addendum to the Code of Ethics;
- (g) "non resident member" means a member who resides outside the Province of Alberta, the North West Territories or the Yukon Territory;
- (h) "Registered Student" or "Student" means a person who is registered with the Institute and who is proceeding toward membership in the Institute under the provisions of the Act and these by-laws and includes those persons described as "Students", "Articled Students" and "Students in accounts" in the Act;
- (i) "course of instruction" means the course of instruction prescribed by the Council.

## Part I

- 2. Admission to membership in the Institute shall be by resolution of the Council.
- 3. Every member shall be entitled to receive a certificate of membership which shall be in such form as the Council determines and he shall, so long as he remains a member of the Institute, be entitled to hold the said certificate. Such certificate is the property of the Institute, and in the event of cessation of membership for any reason, other than death, is recoverable



on demand and shall be returned to the Council. In the event of suspension from membership such certificate shall be returned to the Council to be retained by it during the period of suspension.

4. If such certificate is lost, destroyed or defaced, the Council may issue a new certificate to the member on payment of the fee prescribed by the Council.
5. All certificates shall be signed by the president (or in his absence by a vice-president) and by the secretary and attested by the seal of the Institute.
6. Any member who is not in arrears for dues and provided no charge of default or misconduct against him is pending, is entitled to resign his membership by giving to the secretary notice in writing of his intention so to do, and such resignation shall be effective at the date of acceptance by the Council.
7. Any member whose dues are not paid within four calendar months after the date when such dues have become due and payable, may be deemed to have terminated his membership, and the Council may direct his name be removed from the list of members. Such person may be re-admitted by the Council upon such terms as it approves.
8. Any member, in good standing, who has rendered conspicuous service to the Institute, or to the profession, may by a vote of the Council be admitted a Fellow.
9. Members practising in partnership with persons who are not chartered accountants shall not use, in the title of the firm the words "Chartered Accountants" nor describe the partnership or firm as "Chartered Accountants". Any person named in connection with such firm by advertisement, letterhead or otherwise, shall be deemed a partner for the purpose of this by-law.
10. (a) Pursuant to section 7 of the Act, at each annual meeting there shall be elected a Council which shall consist of twelve members who shall hold office until the next annual meeting. At least five members elected shall be be resident in the city of Calgary, at least five members elected shall be resident in the city of Edmonton, and at least one member elected shall be resident elsewhere in the Province of Alberta.  
  
(b) With the exception of a member holding the office of Vice-President, any person who has been a member of the Council for five consecutive years shall retire, and is not eligible for re-election until the annual meeting next following his retirement.





- (c) Each voting paper shall indicate, for identification purposes, the name of the firm or business (if any) with which the candidate is connected. Any voting paper marked for more than the number of vacancies shall not be considered in counting the votes.
11. Immediately after the close of the annual meeting, the Council shall meet and shall (a) elect from its members a president, two vice-presidents, a secretary and a treasurer, to hold office until their successors are appointed, (b) appoint such committees as it considers necessary. The Council has the power to add to or otherwise change the membership of committees, or to appoint additional committees.
  12. The Council may employ an executive secretary and such other permanent staff for the Institute as it considers necessary.
  13. The president and vice-presidents are "ex officio" members of all committees, except investigating committees constituted under section 22 of the Act.
  14. Meetings of the Council shall be held at such times and places as the Council shall determine, failing which the president or in his absence, a vice-president shall have the right to call a meeting of the Council. Four members shall constitute a quorum for the transaction of business at all meetings of the Council.
  15. In case of an equality of votes at a meeting of the Council, the president or other presiding officer has a deliberative as well as a casting vote.
  16. A member of the Council shall give notice in writing to the Council if he wishes to resign from the Council and on the acceptance of his resignation his office becomes vacant. His office shall also be immediately vacated if for any reason he ceases to be a member of the Institute.
  17. The Council may invest the funds of the Institute on its behalf in any securities or short term investments which the Council considers appropriate.
  18. At the annual meeting in each year, there shall be elected to the Council of the Canadian Institute of Chartered Accountants the requisite number of members of the Institute.
  19. The Council shall recommend a member to the Lieutenant Governor-in-Council as the Institute's appointee to the Accountants Experience Appraisal Board whenever a vacancy exists. The Council shall further recommend a member as a representative to



the Council of the Faculty of Business Administration and Commerce of the University of Alberta and to the Council of the Faculty of Arts and Science of the University of Calgary.

20. At the annual meeting one member not a member of the Council, shall be appointed auditor of the Institute for the ensuing year.
21. The president or in his absence, a vice-president shall preside and preserve order at all meetings of the Institute and of the Council. In the absence of the president and both vice-presidents, a chairman shall be elected by a majority of those members present.
22. The secretary shall perform such duties as pertain to the office of secretary and as the Council directs.
23. The treasurer shall perform such duties as pertain to the office of treasurer and as the Council directs.
24. The fiscal period of the Institute shall end on the 31st day of March each year.
25. (a) The annual meeting of the Institute shall be held within four months of the fiscal year end and at such time and place as the Council shall determine.
- (b) The secretary or executive secretary shall notify all members, except honorary members, at least forty-five days prior to the date of the meeting, that nominations for the Council must be received by him at least thirty days before the annual meeting. Nomination forms shall accompany such notification.
- (c) At least fourteen days notice shall be given of the annual meeting and such notice to members shall be accompanied by:
  - (1) the agenda for the annual meeting including details of amendments to the by-laws requiring confirmation at the meeting;
  - (2) the report of the president and the Council;
  - (3) the annual financial statements and auditors report;
  - (4) a voting paper for the election of members of the Council.
- (d) No motions with respect to by-laws, other than those included in the Agenda for the meeting, shall be brought before the meeting.







26. The order of business to be transacted at the annual meeting shall be as follows:
- (a) Reading notice calling the meeting.
  - (b) Adoption of minutes of previous meeting or meetings and dealing with unfinished business.
  - (c) Report on nominations for Council and confirmation of appointment of scrutineers.
  - (d) Report of the Council.
  - (e) Report of the Auditor.
  - (f) Report of members of the Council of the Canadian Institute of Chartered Accountants.
  - (g) Receipt of scrutineers' report and declaration of election of members of Council.
  - (h) Appointment of the Auditor.
  - (i) Election of members to the Council of the Canadian Institute of Chartered Accountants.
  - (j) New Business.
27. (a) Special meetings of the Institute may be held whenever the Council considers it expedient for the purpose of dealing with any matter relating to the affairs of the Institute.
- (b) Special meetings of the Institute shall be called by the president upon the written request of not less than 25 members.
- (c) At least fourteen days' notice shall be given of such meetings specifying the business to be considered. No business other than that specified in the notice of meeting shall be considered at the meeting.
28. Any meetings of the Institute may be adjourned from time to time by resolution of a majority of the members present, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place, unless fourteen days' notice has been given of any additional business to be transacted.
29. Subject to the provisions of these by-laws, the proceedings at all meetings shall be governed by the rules laid down in Robert's "Rules of Order".
30. At any meeting of the Institute ten members may demand that the voting upon any question before the meeting be by ballot, and the president shall thereupon appoint two scrutineers for the purpose of taking the vote.



31. At every meeting of the Institute every member present in good standing has a vote.
32. The introduction or discussion of political or religious subjects shall not be permitted at any meeting of the Institute or of the Council.
33. Twenty-five members shall constitute a quorum for the transaction of business at all meetings of the Institute.

## Part II

34. (1) Any person residing in any area under the jurisdiction of the Institute who is recommended by a member practising as a public accountant as being of good moral character and habits and who is employed as a Student in the office of such member and who is sometimes referred to in the Act as an articled student or a student in accounts may apply to be registered or re-registered as a Student.
- (2) Every application for registration shall be accompanied by the following:
  - (a) A declaration of intention to qualify for admission to membership of the Institute and to apply therefor, and
  - (b) an undertaking to submit to the direction and control of the Council in all matters relating to studies, practical experience and discipline, and
  - (c) an agreement with the Institute that the by-laws rules and regulations will govern the relations between the applicant and the Institute.
- (3) Subject to the powers granted to the Co-ordinating Council, every applicant shall:
  - (a) satisfy the Council that he has attained the required educational qualifications,
  - (b) furnish such evidence as the Council requires that he is otherwise a fit and proper person to be so registered,
  - (c) be subject to all rules and regulations in respect to his application for registration, enrolment,





re-registration, re-enrolment, or examinations as may be approved by the Council, and

(d) pay a registration fee of \$10.00.

(4) Subject to the provisions of By-laws 37 and 38, registration of a Student shall remain in effect until the date of the final examinations for which he first becomes eligible.

35. Subject to the powers granted to the Co-ordinating Council:

(1) The regulations governing educational qualifications, terms of service, course of instruction, examinations, suspension or cancellation of registration as set out in Schedule A attached hereto form part of these by-laws and any amendments thereto shall be published by circular to all members immediately after the adoption thereof.

(2) The Council may prescribe "Course Rules" governing the operation of the course, the conduct of Students taking the course, and the circumstances under which Students may be suspended from the course.

36. (1) Subject to the powers granted to the Co-ordinating Council:

(a) On or after the 1st day of September, 1970 no student shall be accepted for registration pursuant to By-law 34 unless he possesses as a minimum educational qualification, a baccalaureate degree of the University of Alberta or the University of Calgary or the equivalent as certified by the University of Alberta.

(b) During the year commencing the 1st day of September, 1969 and ending on the 31st day of August, 1970 there may be registered pursuant to By-law 34 not more than one student not possessing the aforesaid educational qualifications for each member practising as a public account in such office.

(c) During the year commencing the 1st day of September, 1968 and ending the 31st day of August, 1969 there may be registered pursuant to By-law 34 not more than two students not possessing the aforesaid educational qualifications for each member practising as a public accountant in such office.





(2) No member practising as a public accountant shall offer employment to any person who intends to apply to be registered or re-registered as a Student and no applicant shall be registered or re-registered:

(a) unless the office of such practising member complies with the minimum standards of providing practical experience as set out in Schedule B attached hereto and forming part of these by-laws, or

(b) subject to the provisions of subsection (1) hereof if as a result of such registration the total number of Students employed in such office would exceed three for each such member. Registered Students who have become eligible to write the final examination shall be excluded in determining the number of students permitted.

(3) The total number of Registered Students employed at any one time in an office shall not, with the exception of Registered Students who have become eligible to write the final examination, exceed the limitations set out in subsections (1) and (2) hereof without the special permission of the Council.

(4) For purpose of these by-laws the Provincial Auditor or the Acting Provincial Auditor of the Province of Alberta, if a member of the Institute, shall be considered to be a member practising as a public accountant.

37. (1) The Council may investigate the progress, competence, character, habits and suitability for membership of any Registered Student.

(2) Where, in the opinion of the Council, such investigation indicates a contravention of any of these by-laws or lack of suitability for membership in the Institute, the registration may be cancelled or the re-registration may be refused by the Council in its absolute discretion.

38. (1) Only Registered Students and persons who have permission from the Co-ordinating Council shall be permitted to write the examinations. A Registered Student shall complete the requirements prescribed in his case by Schedule A before being permitted to write examinations, however:

(a) any Registered Student may apply to be examined in the final examination to be held during or after the calendar year in which his term of service is completed or may reasonably be expected to be completed, and



(b) notwithstanding the provisions of By-law 38 (3) any Registered Student terminating his employment may, with the approval of the Council, complete the year of the course of instruction in which he has enrolled at this time including writing the examinations at the end of the course year.

(2) Every Registered Student shall give immediate notice in writing to the Secretary of the Institute of any change in his employment and upon failure to give such notice, his registration may be cancelled.

(3) The registration of any Registered Student terminating his employment as a Student in the office of a member practising as a public accountant shall be cancelled.

39. Subject to the powers granted to the Co-ordinating Council and the Board, the requirements as set out in Schedule A may be appropriately varied at the discretion of the Council in the case of a person

(a) who has satisfied the Co-ordinating Council that he has a standing equivalent to that required of a Student who has passed the primary or intermediate examination or

(b) who has satisfied the Council that he has experience or training equivalent to all or part of the requirements set out in Schedule A

provided that in all cases the final examination must be written.

40. (1) A person who has completed the prescribed course of studies and term of service but has not passed the examinations required for membership in the Institute may apply annually to the Institute for registration as a Registered Student, such application to be accompanied by a fee of \$10.00.

(2) A person who has been required by the Co-ordinating Council to complete specified courses or to pass specified examinations pursuant to Section 13 of the Act may apply annually to the Institute for registration as a Registered Student, such application to be accompanied by a fee of \$10.00. Nothing in these by-laws shall require such a person to register. Upon registration such person shall not be subject to the provisions of By-laws 34, 35, 37, 38(2) and 38(3).







- (3) Any person described in subsection (1) of this by-law and any person described in subsection (2) of this by-law whether or not he has become a Registered Student may enroll for and participate in the course of instruction upon payment of an annual fee of \$20.00 and shall be subject to the course rules prescribed by Council pursuant to the provisions of By-law 35.
41. (1) With the approval of Council, Registered Students may form an association for the better advancement of their studies and professional knowledge and for the purpose of making recommendations affecting their joint interests for the consideration of Council, but all rules or regulations for the self-government of such an association shall only have force or effect when they have been approved by the Council.
- (2) Any association of Registered Students formed under this by-law may be dissolved at any time by resolution of the Council.
42. Notices of the times and places of examinations together with application forms shall be sent to all Registered Students and such notices and forms shall be made available at the offices of the Institute to all persons who have obtained certificates under Sections 13 and 14 of the Act. Such forms shall indicate the information and fee required and the date for submission of the application.
43. Every candidate for examination shall accompany his application with such fee as is fixed by the University of Alberta.
44. Any person who:
- (a) was or is an Articled Student, or
- (b) was or is a Registered Student,
- pursuant to any by-laws of this Institute which existed at any time before the date that these by-laws came into effect and has not become a member of this Institute shall be eligible to become a Registered Student within the meaning of these by-laws and upon the completion of registration pursuant to By-law 34 or 40 shall be deemed for all purposes to be a Registered Student with a standing equivalent to that attained by such person immediately prior to the coming into force of these by-laws.



Part III

45. Every applicant for membership in the Institute shall complete an application on Form 1 and shall pay an admission fee of \$50.00, together with one-half the annual membership fee.
46. Every person who applies for membership under the provisions of Sections 10 (6) or 15 of the Act shall, with such application, pay an admission fee of \$50.00; but such admission fee shall be waived if the society of which the person is a member makes a similar provision for the waiver of its admission fee on application of a member of this Institute to join that society.
47. If for any reason an application for membership is declined, the amount paid under By-laws 44 and 45 shall be returned to the applicant.

48. (a) The annual membership dues, including special assessments required from time to time shall be fixed and payable at such time and in such manner as Council may determine but, in no event, shall such dues exceed, in any fiscal year, the amounts set out below:

By each member paying dues to another provincial  
Institute in Canada having jurisdiction over the area  
in which such member resides, carries on practice  
or is employed \$10.00

By any other member:  
for himself 40.00

for each Registered Student employed by  
him who has not become eligible to write  
the final examination 20.00

- (b) To the dues of a member levied under subsection (a) hereof there shall be added the amount levied against the Institute by the Canadian Institute of Chartered Accountants in respect of such member for its fiscal year commencing in the fiscal year of the Institute.
- (c) Any person admitted to membership between the first day of October and the last day of March next following shall pay only one-half of the annual dues for that year except as provided in By-law 44.
- (d) The Council may upon application to it, remit the annual dues of any member in good standing:
- (1) Who is at least 65 years of age and retired from the regular or gainful employment; or





(2) who because of physical or mental incapacity is unable to continue regular or gainful employment;  
or

(3) in any special circumstances which, in the opinion of the Council, warrant such remission.

49. The Council may use the Code of Ethics appended hereto as a guide on making determinations under Section 22 of the Act. The Code of Ethics does not form part of these by-laws but may only be amended in the manner prescribed for amending the by-laws.
50. The Council may, in the manner prescribed by the Act, investigate and thereafter deal with any member who has been guilty of professional misconduct or conduct unbecoming to a Chartered Accountant or of a violation of these by-laws.
51. The Council may investigate the conduct of a Registered Student in the same manner as is prescribed by the Act for the investigation of the conduct of a member.
52. The following forms are part of these by-laws and shall be used in the cases to which they are applicable. All notes and directions thereon shall be deemed to be part of the forms and shall be observed accordingly.

Form 1	Application for membership
Form 2(a)	Application for registration under By-law 34
	(b) Application for registration under By-law 40
Form 3	Application for primary examination
Form 4	Application for intermediate examination
Form 5	Application for final examination





Regulations Governing Educational Qualifications, Term of Service,  
Course of Instruction, Examinations, Suspension or Cancellation of Registration

Educational Qualifications (Note 1)	Term of Service (yrs) (Note 4)	Required Course of Instruction				Required Examinations		
		First	Second	Third	Fourth	Fifth	Primary	Intermediate Final
Entrance requirements of the Faculty of Business Administra- tion and Commerce	5	yes	yes	yes	yes	yes	yes	yes
Passed primary examination of another Provincial Institute	Balance of 5 yrs	no	Note 5	Note 5	yes	yes	Note 5	yes
Passed intermediate examination in another Provincial Institute	Balance of 5 yrs	no	no	no	Note 5	Note 5	no	Note 5 yes
University degree other than Bachelor of Commerce (3 year course)	4	no	yes	yes	yes	yes	no	yes
Bachelor of Commerce without accounting major or university degree other than Bachelor of Commerce (4 yrs or more)	3	no	no	yes	yes	yes	no	yes
Bachelor of Commerce, second class standing in Accounting 300 and 400	3 (Note 2)	no	no	optional	optional	optional	no	yes
Bachelor of Commerce with accounting major	2 (Note 2)	no	no	no	optional	optional	no	yes



Notes

## SCHEDULE A (Cont.)

1. University entrance requirements or degrees will be those of the University of Alberta. University degrees will be those of the University of Alberta or the University of Calgary or the equivalent as certified by the University of Alberta. Evidence of educational qualifications must be submitted with application for registration.
2. Term of service may be reduced by one-half of the time served, to a maximum of one year, for those Students who have served under Registered Student conditions (see By-law 34) for periods of not less than three months each.
3. By-laws 39 and 40 provide for special treatment, under certain conditions, in regard to term of service, course of instruction and examinations.
4. Term of service may commence as much as three months before the date upon which the application for registration is signed by the Student and the member provided the Student was employed by the member of his firm at that time.
5. Shall be required to complete sufficient combined terms of service and courses of instruction to equal those required had he initially registered with the Alberta Institute, such requirements to be established by the Co-ordinating Council and may include portions of courses and/or Provincial examinations at the appropriate level.
6. (a) Where the first year course is required it must be satisfactorily completed before the primary examination is written.  
(b) Where the second and third year courses are required they must be satisfactorily completed before the intermediate examination is written.  
(c) Where the fourth and fifth year courses are required they must be satisfactorily completed before the final examination is written.
7. (a) Cancellation may be effected by resolution of the Council in accordance with By-laws 37 and 38.  
(b) Suspension may be imposed by resolution of Council in accordance with Course Rules.  
(c) A Student shall stand automatically suspended during any leave of absence from his employment as a student.





- (d) A Student shall be suspended when he fails to pass the intermediate examination on the second attempt, and shall remain suspended until he passes the intermediate examination.
- (e) Any period of suspension shall be considered to be in addition to the required term of service.
- (f) Any Student who
  - (i) fails to pass the primary examination of this or any other Provincial Institute on the second attempt; or
  - (ii) fails to pass the intermediate examination of this or any other Provincial Institute on the third attempt

shall thereupon cease to be a Registered Student, and shall not be eligible for reinstatement.



## SCHEDULE B

## THE INSTITUTE OF CHARTERED ACCOUNTANTS OF ALBERTA

Minimum Standards For Offices Employing Students

**Principal:** Shall have been a member of an Institute of Chartered Accountants in Canada for a period not less than two years and during that time have been associated with a firm of chartered accountants in public practice or have conducted a public practice for at least one year.

Should, if sole practitioner, devote full time to practice, i.e., not actively engaged in other business activities to an extent which would interfere with proper supervision and training of a student.

**Practice:** Should be of such a nature that a student is assured of practical experience in advanced accounting and auditing. The following types of practice, for example, might be considered undesirable for the training of students:

Comprised mainly of bookkeeping accounts on a monthly or other periodic basis.

Comprised mainly of accounts representing only one or two types of business--retail stores, hotels, medical practices, etc.

Comprised mainly of services of a personal nature--executorships, trusteeships, etc.

Comprised mainly of accounts for which the services are performed in the employer's rather than the client's office.

**Premises:** Should be located in a recognized business area--in surroundings which will uphold the prestige and dignity of the profession. Students should not be employed in offices located in private residences.

Should include a private office.

Shared accommodation is not desirable unless so arranged that privacy of clients' affairs may be maintained. Files and clients' papers should not be accessible to other than the members' staff.



Organization and Office Procedures: Files should be maintained to keep separate the papers and documents relating to each client. These should contain copies of all reports, statements, income tax and other returns prepared for the client, working papers pertinent to each engagement and permanent files. They should be so arranged and subdivided that information may be expeditiously secured.

Working paper files should contain details of the assets and liabilities and the verification thereof, including certificates, reconciliations, calculations and other supporting documents. They should also contain analyses and notes pertaining to accounts of revenue and expense.

Records should be maintained of the work performed on each audit engagement and by whom. This may be done by means of an audit programme (preferable) or by means of notes in the working papers. Records should also be maintained of the time spent on each engagement and by whom.

Typing, filing and telephone answering should not be considered as part of the regular duties of a student.

Clientele: Clientele should be of such a nature, both in number of clients and size of job so as to provide students with adequate training. Assignments of students should be diversified sufficiently to permit experience to be acquired in all areas of the employer's practice.





## APPENDIX B

### QUESTIONNAIRE TO UNIVERSITY GRADUATES IN ARTICLES



August 20, 1965

In co-operation with the Faculty of Business Administration and Commerce, University of Alberta, and the Alberta Institute of Chartered Accountants, I am conducting an enquiry into the training and employment conditions of graduates who entered into articles with chartered accountants from 1953 to 1964 inclusive.

While the attached questionnaire is numbered for control purposes, the report compiled from the findings will in no way reveal the identity of those canvassed.

It is hoped that the resulting report, which will be prepared and circulated, will be useful to university counsellors, and to chartered accountants who maintain an interest in education and training in their profession.

The reliability, and thus the usefulness, of the results of this enquiry will largely depend on a high rate of response from graduates. Your assistance would therefore be greatly appreciated.

Sincerely,

Victor William Dzurko, B. Comm., C.A.  
Graduate Student





## CONFIDENTIAL QUESTIONNAIRE

In those questions where squares (☐) are provided indicate your answer or choice by inserting an X.

- 
1. (a) Year of graduation (first degree): \_\_\_\_\_
- (b) University (U of A, U.B.C., U of S, etc.): \_\_\_\_\_
- (c) Degree (degrees) received: \_\_\_\_\_
- (d) Major, if any: \_\_\_\_\_
- (e) Average achieved in final undergraduate year: \_\_\_\_\_
- (f) Vital statistics, as of December 31, 1964:
- (i) Age: (to the nearest year) \_\_\_\_\_
- (ii) Sex: Male ☐
- Female ☐
- (iii) Marital status: Single ☐
- Married ☐
- (g) Father's occupation at time of entry into Articles: \_\_\_\_\_
- (h) Were (are) any of your immediate relatives chartered accountants? Yes ☐
- No ☐
- 

- |   | <u>Yes</u>               | <u>No</u>                |
|---|--------------------------|--------------------------|
| 2. How was your undergraduate University education financed? Were you supported:                                |                          |                          |
| (a) entirely by parents or relatives? .....   | <input type="checkbox"/> | <input type="checkbox"/> |
| (b) partly by parents or relatives and partly by working while going to university and during the summer? ..... | <input type="checkbox"/> | <input type="checkbox"/> |
| (c) entirely by working while going to university and during the summer? .....                                  | <input type="checkbox"/> | <input type="checkbox"/> |
| (d) partly by savings accumulated before attending university? .....  | <input type="checkbox"/> | <input type="checkbox"/> |
| (e) partly by scholarships, grants, and loan? .....   | <input type="checkbox"/> | <input type="checkbox"/> |
-



## 3. Information about articles:

(a) Year of commencement: ..... \_\_\_\_\_

(b) Year of completion: ..... \_\_\_\_\_

(c) Year of cancellation (where applicable): .. \_\_\_\_\_

(d) Year C.A. Certificate granted (where applicable): ..... \_\_\_\_\_

(e) Location where you were (are) articulated:

Edmonton or Calgary ..... \_\_\_\_\_

Other (please specify) .. \_\_\_\_\_

(f) Did (do) you live at home during the period of your articles? Yes ☐ No ☐4. (a) What was (is) the size of the firm (in terms of the total number of all full time personnel, including partners) with which you were (are) associated during your articles?1 - 3 ..... ☐4 - 7 ..... ☐8 - 12 ..... ☐13 - 17 ..... ☐18 - 24 ..... ☐25 - 34 ..... ☐35 - 50 ..... ☐51 or more ..... ☐

(b) Type of firm with which you were (are) articulated:

International? ..... ☐National? ..... ☐Provincial? ..... ☐Local? ..... ☐

(c) On completion of your articles, how long (number of years) did you remain with the firm that articulated you? (where applicable) \_\_\_\_\_



5. (a) What was your performance at your first sitting for uniform national exams? (students exempted from intermediate exams should complete final column only)

<u>Number of Exams Written</u>		<u>Number of Exams Passed</u>	
<u>Intermediate</u>	<u>Final</u>	<u>Intermediate</u>	<u>Final</u>
ACCOUNTING: _____	_____	_____	_____
AUDITING: _____	_____	_____	_____

- (b) How many annual sittings did you take to complete

Intermediates? \_\_\_\_\_

Finals? \_\_\_\_\_

6. Which of the following do you think would be the dominant factor in leading you to article for a C.A.?

- (a) Influence of father, relatives, or friends who are C.A.s . ☐
- (b) Influence of teachers or counsellors in school or university ..... ☐
- (c) Influence of the result of aptitude tests that indicated a high aptitude for accounting ..... ☐
- (d) Interest in a course or courses in accounting ..... ☐
- (e) Undertaking of work which led me into accounting ..... ☐
- (f) Observation of the prestige and high wages of the C.A. ... ☐
- (g) The understanding that a C.A. certificate and public practice experience could lead to a responsible and well-paid position in industry ..... ☐
- (h) No dominant influence; rather a combination of factors ... ☐





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PLEASE REMEMBER THAT YOUR ANSWERS WILL BE STRICTLY CONFIDENTIAL

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7. Please give details of your remuneration:

- | (a) <u>During articles</u> | <u>B. Comm. Grad.</u> | <u>Other degree</u> |
|----------------------------|-----------------------|---------------------|
| I - Starting salary        | _____                 | _____               |
| II - salary in 2nd year    | _____                 | _____               |
| III - salary in 3rd year   | _____                 | _____               |
| IV - salary in 4th year    | <u>not applicable</u> | _____               |
- (b) Salary earned on qualification as a C.A. (where applicable) ..... \_\_\_\_\_
- (c) Salary earned three years after qualification (where applicable) ..... \_\_\_\_\_
- (d) Are your aspirations in terms of financial remuneration being realized in satisfactory measure? Yes: ☐ No: ☐
- 

8. What were (are) your average weekly hours of work for the firm as an article clerk?

Normal ..... \_\_\_\_\_

Overtime ..... \_\_\_\_\_

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9. (a) Did (do) you take the C.A. course of instruction?

Yes: ☐ No: ☐

(b) Were (are) you exempted from taking the course?

Yes: ☐ No: ☐

(c) Estimate how much time (i.e. outside office hours) per year you devoted (devote) to study for:

C.A. course of studies? \_\_\_\_\_

C.A. uniform examinations? \_\_\_\_\_

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- Yes      No
10. (a) During articles did (do) you receive guidance from within the firm about:
- (i) suitable reading in preparation for the institute's examinations? ..... ☐ ☐
- (ii) your own progress in studies and training? ..... ☐ ☐
- (b) Did (do) you receive any instruction within the firm during the period of articles for the sole purpose of assisting you in the institute's course of instruction and examinations? ..... ☐ ☐
- If so, how many hours per year (on the average) was (is) devoted to this instruction? ..... \_\_\_\_\_
- (c) How many working days off were (are) you allowed prior to FIRST taking
- (i) Intermediate examinations? \_\_\_\_\_
- (ii) Final examinations? \_\_\_\_\_
- (d) Did (do) you receive your normal salary during this period? ..... ☐ ☐
- 

11. (a) Who generally supervised (supervises) your work during the period of articles?
- Partner..... ☐
- Senior C.A..... ☐
- Newly Qualified C.A..... ☐
- Senior student..... ☐
- (b) How was (is) the practical work you were (are) given related with your studies for the Institute's examinations?
- Closely related..... ☐
- Fairly closely related..... ☐
- Not related..... ☐
-





12. (a) For each of the broad categories listed below, indicate the level of knowledge and competence acquired from each source by inserting the following abbreviations:

- a - for adequate knowledge and competence acquired
- m - for moderate knowledge and competence acquired
- i - for inadequate knowledge and competence acquired

BROAD CATEGORY	SOURCE		
	C.A. COURSE		
	UNIVERSITY	INSTRUCTION	PRACTICAL
	(Indicate a, m, or i for each source)		
1. Business entities (types) ...			
2. Accounting principles and practices .....			
3. Financial reporting .....			
4. Problems in balance sheet valuations .....			
5. Internal control .....			
6. Accounting and analytical controls .....			
7. Specialized accounting (municipal, estate cost, etc.)....			
8. Specialized businesses (banks, insurance, oil) .....			
9. Bankruptcy, liquidation, trusts, etc. ....			
10. Financing .....			
11. Auditing, techniques and procedures .....			
12. Auditor's report on financial statements .....			
13. Organization and regulation of chartered accountants ....			
14. Business investigations ....			
15. Administrative skills .....			
16. The Canadian business community .....			
17. Economic theory .....			
18. Taxes, income, estate, gift and sales .....			
19. Regulatory legislation .....			
20. Mercantile law .....			
21. Mathematics and statistics ..			
22. Communications, reports, letters, etc. ....			

(b) List the "Broad Categories" (by numbers) in which you felt the C.A. course of instruction duplicated the university's.  
 eg.: (1, 31, 12, 21, 22) \_\_\_\_\_



13. How satisfied are you with the training you received or are receiving while in articles?

Highly satisfied ..... ☐

Satisfied ..... ☐

Indifferent ..... ☐

Dissatisfied ..... ☐

Highly dissatisfied ..... ☐

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14. During the period of your articles did (does) the responsibility of your work increase:

too slowly? ..... ☐

too fast? ..... ☐

at a satisfactory rate? ..... ☐

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15. What improvements would you suggest to the training you received (are receiving) during articles?
- 
- 
- 

NOTE: Your comments on open questions will be especially appreciated, please feel free to use additional paper if space is inadequate.

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16. There are differences of opinion within the accounting profession on how much education a person should have in order to be eligible for articles. How much education do you feel is necessary?

High School (senior matric) .... ☐

Two years university ..... ☐

University degree ..... ☐

University degree with business and accounting ..... ☐

No opinion ..... ☐

Other (specify) \_\_\_\_\_

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17. What improvements would you suggest to the C.A. course of instruction offered by the institute? (Students exempted from the course, state why you did not take the course of instruction)

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10. In your opinion, how can the C.A. profession through its committees and members more adequately meet the aspirations of University graduates entering articles?

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University Graduates who are in articles or public practice are not required to answer any further questions.

WOULD YOU KINDLY ENCLOSE THE COMPLETED QUESTIONNAIRE IN THE SELF-ADDRESSED STAMPED ENVELOPE AND MAIL IT AT YOUR EARLIEST CONVENIENCE.

Again, many thanks for your co-operation.

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TO BE ANSWERED ONLY BY THOSE UNIVERSITY GRADUATES WHO HAVE  
LEFT ARTICLES OR PUBLIC PRACTICE.

19. What was your position just prior to leaving articles or public practice? (If you left, returned, and left again, state your position the last time you were in articles or public practice).

- (a) Individual practitioner ..... ☐
- (b) Partner in C.A. firm ..... ☐
- (c) Employed by a C.A. firm in a supervisory capacity ..... ☐
- (d) Employed by a C.A. firm as a senior ..... ☐
- (e) Employed by a C.A. firm as a semi-senior ..... ☐
- (f) Employed by a C.A. firm as a junior ..... ☐
- (g) Other (specify) \_\_\_\_\_

20. Which of the following best describes your reason for leaving articles or the field of public practice? Please choose the statement that you feel best fits your case. (If you left, returned, and left again, give your reason for leaving the first time).

- (a) The C.A. was needed as a stepping stone to a position in private industry. A career as a C.A. was never considered..... ☐
- (b) The work was not found enjoyable..... ☐
- (c) The work was enjoyable, but a better opportunity presented itself..... ☐
- (d) The work was enjoyable, but remuneration was too low..... ☐
- (e) Public practice was left to obtain further education..... ☐
- (f) Working conditions were unfavorable..... ☐
- (g) A variety of factors influenced the decision to leave public practice..... ☐

21. (a) In what industry or field are you currently employed? \_\_\_\_\_

- (b) Does your employment basically involve accounting or auditing work? Yes: ☐ No: ☐



22. Which of the following most nearly describes your present attitude to your job and your plans for the future?

- (a) Complete satisfaction, no wish to change jobs..... ☐
- (b) Reasonable satisfaction, but alert to new opportunities.. ☐
- (c) Dissatisfaction and desire to change, but not to return to public practice..... ☐
- (d) Dissatisfaction and desire to return to public practice.. ☐

23. What suggestions would you make to practicing firms to prevent the loss of article students and qualified C.A.s?

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WOULD YOU KINDLY ENCLOSE THE COMPLETED QUESTIONNAIRE IN THE SELF-ADDRESSED STAMPED ENVELOPE AND MAIL IT AT YOUR EARLIEST CONVENIENCE.

Again, many thanks for your co-operation.

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## APPENDIX C

### QUESTIONNAIRE TO PRACTICING OFFICES



September 13, 1965

TO ALL PRACTISING OFFICES:

In co-operation with the Faculty of Business Administration and Commerce, University of Alberta, and the Long Range Planning Sub-committee of the Alberta Institute of Chartered Accountants, I am conducting an inquiry into the feasibility, desirability and practicability of adopting the "1970 goal" of a university degree as a pre-requisite for entry into articles.

Although the attached questionnaire appears somewhat lengthy, it has been designed so that the answers could be given with comparative ease.

To insure complete anonymity of the individual offices responding, you are not asked the name of your firm nor is the attached questionnaire marked in any form.

The reliability, and thus the usefulness, of the results of this inquiry will largely depend on a high rate of response from practising offices. Your co-operation would therefore be greatly appreciated.

Sincerely,

Victor William Dzurko, C.A.  
Graduate Student

NOTE - FIRMS WITH MORE THAN ONE OFFICE ARE ASKED TO ANSWER FOR EACH OFFICE.



SURVEY OF PRACTICING OFFICESCONFIDENTIAL QUESTIONNAIRE

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In those questions where squares (☐) are provided indicate your answer or choice by inserting an X.

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1. Type of practice with which your office was associated (as of September 5, 1965):

Local (one office only)?..... ☐

Provincial?..... ☐

National?..... ☐

International?..... ☐

Other (specify)?..... ☐

---

2. Location of your office:

Edmonton or Calgary..... ☐

Lethbridge, Medicine Hat, Red Deer..... ☐

Other - Community with population

- over 15,000..... ☐

- 15,000 to 10,000..... ☐

- 10,000 to 5,000..... ☐

- 5,000 to 1,000..... ☐

- Under 1,000..... ☐

---





3. Number of personnel in your office (as of September 5, 1965 and giving effect to 1965 final examination results):

- (a) Partners.....  
 (b) Chartered Accountants (excluding partners).....  
 (c) Articled students  
     (i) B. Comm. accounting majors (2 year students)..  
     (ii) Other University Degree (3 or 4 year students)  
     (iii) High School Matrics (5 year students).....  
 (d) Other staff employed directly on clients work. (do not include stenographic or administrative staff)..  
 (e) Stenographic or administrative staff.....  
     Total Personnel in your office.....

4. Are you satisfied with work done by members of your staff in relation to the amount it is necessary to pay them? (consider performance over the total term of employment.)

	<u>Completely Satisfied</u>	<u>Relatively Satisfied</u>	<u>Dissatisfied</u>
(a) B. Comm. - accounting majors..	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(b) Other University graduates....	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(c) High School Matrics.....	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(d) Other staff employed directly on clients' work. (excluding stenos or admin. staff).....	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

5. Degree of difficulty encountered in staffing your office for the 1965 calendar year:

	<u>Not Applicable</u>	<u>No Difficulty</u>	<u>Some Difficulty</u>	<u>Great Difficulty</u>
(a) C.A.'s or equivalent.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(b) B.Comm. accounting majors.....	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(c) Other University Graduates.....	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(d) High School Matrics..	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(e) Other staff employed directly on clients' work (excluding stenos or administrative staff).....	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>



6. Estimate the numbers of new staff your office will seek to hire over the next four calendar years.

	<u>1966</u>	<u>1967</u>	<u>1968</u>	<u>1969</u>
(a) B.Comm. - accounting majors	_____	_____	_____	_____
(b) Other University graduates	_____	_____	_____	_____
(c) High School Matrics	_____	_____	_____	_____
(d) Other staff employed directly on clients' work (excluding stenos or administrative staff)	_____	_____	_____	_____

7. Does your office believe that the Alberta Institute's present source of instruction is adequately educating students in the following areas:

	<u>Yes</u>	<u>No</u>
English?	<input type="checkbox"/>	<input type="checkbox"/>
Mathematics?	<input type="checkbox"/>	<input type="checkbox"/>
Economics?	<input type="checkbox"/>	<input type="checkbox"/>
Law?	<input type="checkbox"/>	<input type="checkbox"/>
Accounting?	<input type="checkbox"/>	<input type="checkbox"/>
Auditing?	<input type="checkbox"/>	<input type="checkbox"/>

8. With reference to the availability of high school graduates not entering University and the increasing knowledge and competence required of chartered accountants, do you think that the transition to a university prerequisite in 1970 is:;

	<u>Yes</u>	<u>No</u>	<u>No Opinion</u>
(a) desirable?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(b) practicable?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(c) necessary?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>





9. Should the "university prerequisite" become effective in 1970, do you feel that your office will encounter any problems in making the transition?

Yes

No

☐
☐

If so, please specify problems \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

How do you plan to overcome these problems? \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

10. The adoption of the "1970 transition to a university prerequisite" implies that the five year course of instruction will no longer be required. In such an event how do you think the university graduates should receive their accounting education?

Modification of present method

☐

Continuous study program,  
i.e., summer school

☐

Professional accounting school,  
i.e., law school

☐



11. It has been suggested that if the transition to a university prerequisite is adopted, it will be necessary to make use of accounting and auditing clerks to carry out some of the functions previously rendered by students. Do you foresee any dangers from such a practice?

Yes

☐

No

☐

If yes, please describe \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Your co-operation is greatly appreciated.

WOULD YOU KINDLY ENCLOSE THE COMPLETED QUESTIONNAIRE IN THE SELF-ADDRESSED, STAMPED ENVELOPE AND MAIL IT AT YOUR EARLIEST CONVENIENCE. Once again, THANK YOU.

\_\_\_\_\_



APPENDIX D

UNIFORM FINAL EXAMINATION SYLLABUS  
ADOPTED BY THE PROVINCIAL INSTITUTES  
OF CHARTERED ACCOUNTANTS IN CANADA

ISSUED 1966





UNIFORM FINAL  
EXAMINATION SYLLABUS

Adopted by:

THE PROVINCIAL INSTITUTES OF CHARTERED ACCOUNTANTS  
IN CANADA

- (i) This syllabus sets forth in some, though not necessarily complete, detail the level and breadth of knowledge required of candidates seeking admittance to the Institute.
- (ii) The levels of knowledge required are defined as:
  - (a) Expert knowledge (E.K.)
    - (1) Sound understanding of principles, practices and procedures
    - (2) The ability to apply such knowledge to situations likely to be encountered, and to deal with all aspects thereof without extensive recourse to technical research and assistance
  - (b) Good working knowledge (G.W.K.)
    - (1) Sound understanding of the broad aspects of practices and procedures, and awareness of the problems relating to more detailed aspects thereof
    - (2) The ability to apply such broad knowledge to situations likely to be encountered, to recognize the more detailed aspects which must be considered, and to carry out research and studies necessary to come to a reasonable solution
  - (c) General knowledge (G.K.)
    - (1) Appreciation of the broad nature and fundamentals involved
    - (2) Ability to recognize the existence or likelihood of existence of specific features and problems in various business transactions, and to determine what further study or research must be undertaken under various conditions.



- (iii) The details set out in the various sub-sections and sub-divisions within the main sections of the syllabus are provided only as guides to the breadth of knowledge expected. These listings are not intended to be, and should not be, regarded as exhaustive.
- (iv) Candidates will be expected to demonstrate their facility with written communication on the examination.

Note--The Board of Examiners has been instructed to examine upon this syllabus beginning with the June 1967 Uniform Final Examination, except that:

- (1) Section 5, G.W.K., (e)--"Data processing", Section 11, G.W.K., (a)--"Audit of electronic systems" and Section 15, G.K. as applied to the installation of data processing equipment, will be examined upon beginning with the 1968 Uniform Final Examination, and
- (2) Section 16, G.W.K., (b)--"Administrative organization" and G.K., (a), (b), (c), and (d) will be examined upon beginning with the 1969 Uniform Final Examination.





## PREFACE

This Syllabus is based upon the larger concept which has been summarized in the Body of Knowledge developed by the Sub-committee on Long Range Educational planning, and approved by all provincial Institutes in 1964 as the statement of desired educational standards for chartered accountants upon attainment of their professional designation. The Body of Knowledge reflects the views of a variety of individuals-- auditors, management consultants, tax consultants, academicians, and executives in industry. It represents a bare minimum which is presently required and expected of chartered accountants by the public.

As well as the core of knowledge basic to accountancy, there are also peripheral areas in which practising accountants must have familiarity. However, evaluation of the emphasis placed on the various subjects within the Body of Knowledge is a matter of judgment, conditioned by particular circumstances. For instance, auditors may feel that more weight should have been given to auditing; tax consultants to taxes; industrial executives to management accounting. The overall breadth and depth of coverage may appear to educators to be overly ambitious, given only a few short years in which to expose students to all of the requirements. All of these conflicts had to be resolved by the Sub-committee, and that agreement was reached at all is certainly a fitting tribute to its labours.

It must be stressed that this is not a static codification. The demands on the profession by the business community are being watched carefully so that we can respond quickly to indications that new skills and changing emphases are in the offing. The Body of Knowledge and Syllabus will be modified to meet these needs as they develop.

Some topics in the Body of Knowledge do not necessarily lend themselves to the Uniform Examinations and this Syllabus therefore comprises the portion remaining. The parts of the Body of Knowledge not covered in the Syllabus may be examined upon by the provincial Institutes or may be required as part of the student's educational prerequisite. These include: the Canadian business community, economic theory, mercantile law, statistics and communication. How and when these areas are to be introduced (and all Institutes have been examining in some of them for many years) will be determined by each Institute.

It is difficult to single out particular individuals for special mention, since membership on the Sub-committee changed from time to time during the several years between conception of the Body of Knowledge and approval of the Uniform Final Examinations Syllabus. However, those of us who were directly involved gratefully acknowledge the leading role played by my colleague and predecessor, Miss Gertrude Mulcahy, F.C.A. Hers was the task of originating, of accumulating and synthesizing the multitude of views expressed, as well as providing the continuity of thought during a rather protracted period of development-- a task which she carried out splendidly.

L. J. REESOR  
Secretary

Inter-Provincial Education Committee



## SECTION I

## TYPES OF BUSINESS ENTITIES--proprietorship, partnership, and limited company

## Expert Knowledge of:

- (a) Basic differences between the organization and operation of each type of business entity, including the principles of the law governing each type (see Section 20--Regulatory Legislation--re Federal and Provincial Companies Acts).
- (b) Appropriate use of each type and their advantages and disadvantages.
- (c) Accounting treatment re special features of:
  - (i) Proprietorship:
    - Organization
    - Withdrawal of profits
    - Sale of business (goodwill)
    - Special problems re statement preparation (income taxes, salaries, etc.).
  - (ii) Partnership:
    - Organization
    - Distribution of profit and loss (interest on capital, partners' salaries)
    - Withdrawal of profits
    - Admission and retirement of partners (goodwill)
    - Dissolution and liquidation
    - Special problems re statement preparation (income taxes, salaries, etc.).
  - (iii) Limited company:
    - Organization
    - Capitalization, including issue and redemption of capital stock
    - Issue and redemption of bonds and debentures
    - Distribution of profits--dividends
    - Surplus accounts.
  - (iv) Conversion of one form of business entity to another.

## Good Working Knowledge of:

- Organization and operation of:
  - Trusts
  - Syndicates
  - Corporate partnerships
  - Co-operatives





## SECTION II

## ACCOUNTING PRINCIPLES AND PRACTICES

## Expert Knowledge of:

- (a) Theory of double entry bookkeeping, including:
  - Books and records of original entry
  - Method of recording cash, purchases, sales and other transactions
  - Balancing and trial balances
  - Subsidiary ledgers and classification of accounts
  - Accounting cycle.
- (b) Underlying assumptions, concepts and principles of accounting, including:
  - (i) Basic concepts including:
    - Entity concept (assets of business separate from those of owners)
    - Consistency in accounting practices
    - Continuity (going concern concept)
    - Conservatism
    - Cost principle--including acceptable departures
    - Comparability.
  - (ii) Principles of asset valuation, including:
    - Cost
    - Departure from cost under special circumstances
    - Asset valuation accounts, e.g. allowance for doubtful accounts, accumulated depreciation, accumulated depletion, etc.
    - Special problems (see specific section thereon).
  - (iii) Principles of income measurement, including:
    - Recognition of when revenue earned
    - Matching of cost and revenue
    - Treatment of non-recurring and unusual items
    - Adjustment of prior year's profits (clean surplus theory)
    - Current tax savings
- (c) Single entry bookkeeping, including:
  - Uses
  - Records kept
  - Preparation of statements therefrom
  - Weaknesses.





- (d) Cash vs. accrual method of accounting, including:  
Advantages and disadvantages of each  
Uses of each.
- (e) Accounting terminology.
- (f) Current development of and changes in generally accepted accounting principles and practices as set out in Bulletins on Accounting and Auditing Practices issued by the Committee on Accounting and Auditing Research of the Canadian Institute of Chartered Accountants.

General Knowledge of:

- (a) History and theory of price level changes.
- (b) New accounting procedures which are gaining popularity but which cannot be said to be generally accepted.

### SECTION III

#### FINANCIAL REPORTING

Expert Knowledge of:

- (a) Basic types of financial statements prepared at fiscal year end:  
Nature, purpose and use of balance sheet, statement of source and application of funds, etc.  
Limitations in use of financial statements  
Combination of facts and opinion (exercise of judgment)  
Reflection of basic accounting concepts.
- (b) Actual preparation of financial statements:  
Trial balances, adjusting entries, closing entries, etc.  
Working sheet for manufacturing statement, statement of income, surplus statements, balance sheet, statement of source and application of funds, etc.  
Terminology and form--comparative statements.
- (c) Standards of disclosure and presentation in financial statements (good accounting principles and legal requirements):  
Balance sheet  
Statement of income  
Statement of earned surplus  
Statement of contributed surplus  
Statement of capital surplus  
Statement of source and application of funds.



(d) Accounting treatment and statement presentation of business transactions:

(i) Assets and liabilities (divided between current and non-current) and equity, including:

- Cash and bank balances
- Accounts and bills receivable--allowance for doubtful accounts
- Marketable securities
- Inventories
- Prepaid expenses
- Deferred charges
- Sinking funds
- Investments--stocks and bonds
- Fixed assets and accumulated depreciation
- Intangible and wasting assets, and accumulated amortization and depletion
- Accounts and bills payable
- Accrued charges
- Income taxes payable and/or deferred
- Loans payable
- Dividends payable
- Long-term indebtedness
- Deferred income
- Reserves
- Surplus, contributed and earned
- Capital stock, authorized, issued, etc.
- Contingent liabilities and commitments.

(ii) Revenue and expenses, including:

- Sales
- Other revenues
- Cost of sales
- Selling expenses
- Depreciation and depletion
- Amortization of intangibles
- Administrative and general expenses
- Pension contributions
- Income taxes
- Profit and loss on disposal of assets
- Adjustment of prior year's expenses.

(iii) Surplus, including:

- Contributed and earned surplus
- Dividends
- Transfer to and from reserves
- Redemption of preferred shares
- Adjustment of prior years' profits and losses
- Tax-paid undistributed income.

(e) Notes to financial statements.

(f) Events subsequent to balance sheet date.





Good Working Knowledge of:

- (a) Annual reports to shareholders:
  - Supplementary statements and schedules
  - Current developments in reporting techniques (good and bad features of published annual reports).
- (b) Interim reports to shareholders:
  - Nature and purpose
  - Limitation and problems
  - Current trends in practice.
- (c) Reports for other purposes:
  - Credit
  - Management
  - Financing
  - Control.

#### SECTION IV

#### SPECIFIC PROBLEMS IN BALANCE SHEET VALUATION AND EFFECT ON INCOME AS A RESULT OF VARIATIONS IN ACCEPTED PRACTICES

The Various Accepted Accounting Procedures and Practices Relating to such Items as:

Expert Knowledge of:

- (a) Determination of allowance for doubtful accounts in valuing accounts and notes receivable.
- (b) Valuation of marketable and investment securities:
  - Cost, lower of cost and market, etc.
- (c) Inventory valuation:
  - Lower of cost and market
  - Meaning of cost: LIFO, FIFO, average, unit, base stock, retail method, etc.
  - Meaning of market: replacement cost, realizable value, etc.
  - Direct costing
  - Obsolescence
- (d) Fixed assets:
  - Historic cost vs. replacement cost
  - Appraisal incorporated in accounts, treatment of appraisal increase credit
  - Capital vs. revenue expenditures.



- (e) Depreciation of fixed assets:
  - Meaning and purpose of depreciation
  - Methods of calculating depreciation: straight-line, diminishing balance, sum of digits, etc.
  - Unit basis vs. group basis
  - Depreciation vs. capital cost allowance
  - Depreciation on appraisal value
  - Adjustment on disposal of fixed assets.
- (f) Intangible assets:
  - Items included therein
  - Cost, cash, shares issued therefor, etc.
  - Amortization.
- (g) Discount and premium on debenture issue:
  - Amortization
  - Treatment on refinancing
  - Statement presentation.
- (h) Development, research and other deferred costs:
  - Methods of write-off
  - Effect on income.
- (i) Income tax deferment and adjustment:
  - Costs booked and costs claimed
  - Loss carry forward and back
  - Treatment in financial statements.
- (j) Deferred income:
  - Incidence
  - Statement presentation.
- (k) Contingent liabilities:
  - Incorporation in footnote or in body of statement.
- (l) Long-term liabilities:
  - Treatment of current portion.
- (m) Non-recurring and unusual items:
  - Taken into account in computing net profits vs. adjustments of surplus.
- (n) Share options, profit sharing plans, etc.
- (o) Any other aspect of general accounting in which there are alternative methods of treatment.



Good Working Knowledge of:

(a) Long-term leases:

Various types of leasing arrangements  
Differences between this type of financing and other forms  
such as stock and bond issue  
Treatment of rental in computing income  
Balance sheet treatment.

(b) Pension plans:

Current services, past services  
Calculation of expense, etc.  
Actuarial reports  
Treatment in balance sheet and in income statement.

## SECTION V

INTERNAL CONTROL--a management tool to avoid error and fraud, and to promote efficient record keeping

Expert Knowledge of:

(a) Meaning, nature, characteristics and purpose of internal control.

(b) The general nature of:

Internal accounting control  
Internal administrative control  
Internal check.

Good Working Knowledge of:

(a) Internal control techniques including forms, authorizations, division of duties, accounting controls, custody devices, etc.

(b) Significant feature of proper internal control over specific aspects of operations, including:

General organization and procedures  
Cash transactions  
Accounts receivable, sales and collections  
Inventories  
Property, plant and equipment  
Securities  
Accounts payable, purchases and expenses  
Long-term indebtedness  
Notes payable  
Capital stock  
Dividends  
Pension funds  
Miscellaneous revenue  
Payrolls.





- (c) Accounting techniques to provide proper internal control over specific aspects of a business' function.
- (d) Significance and nature of internal audit.
- (e) Data processing:\*
  - Alternative methods, handwritten, mechanical, punched card, tape, EDP
  - Form design
  - Flow charts and procedural manuals
  - Storage and retention of records.

## SECTION VI

ACCOUNTING AND ANALYTICAL CONTROLS--management tools to promote operational efficiency

### BUDGETING

Expert Knowledge of:

Theory, including:

- Purposes of budgeting, planning and control
- Sources of information, types, etc.
- Limitations, advantages, etc.
- Meaning and significance of variances (price and volume).

Good Working Knowledge of:

Practical application, including:

- Preparation of budget
- Calculation of variances.

### COST ACCOUNTING

Expert Knowledge of:

Theory, including:

- Purposes of cost accounting
- Relationship to income determination
- Meaning of elements of cost: material, labour and factory service expense (fixed and variable)
- Types of cost systems: job order, process, estimated, standard, etc.
- Features essential for use of specific type of cost system
- Costing by-products and joint products
- Meaning and significance of variances (price and volume)
- Allocation of factory service costs
- Direct costing.

(\*To be examined upon beginning with the 1968 Uniform Final Examination.)



### Good Working Knowledge of:

#### Practical application, including:

- Development of specific type of cost system applicable to particular circumstances, procedures, forms, devices, etc.
- Calculation of costs under various systems
- Calculation of variances.

### ANALYTICAL CONTROL

### Expert Knowledge of:

#### Theory, practical application and significance of trends of, including:

- Balance sheet, income and expense ratios, analysis, etc.
- Horizontal and vertical analysis
- Source and application of funds.

### Good Working Knowledge of:

#### Theory, practical application and significance of, including:

- Return on investment concept
- Analysis of capital expenditures such as pay back, capitalized income, etc.
- Break-even analysis
- Relationship between sales, cost and capital employed:
  - Effects on profit and profit margins of:
    - Price variations
    - Assortment changes
    - Volume
    - Cost and expenses
    - Capital employed--fixed
    - working (current)
  - Other factors
- Management reports
- Profit planning.

## SECTION VII

### SPECIALIZED ACCOUNTING

### Good Working Knowledge of:

#### (a) Holding company accounts and consolidated statements:

##### (i) Theory, including:

- Definition of subsidiary company
- Various types of subsidiary relationship
- Cost vs. equity treatment of investment in subsidiary





Purpose, advantages and limitations of consolidated statements  
 Principles of preparing consolidated statements (inter-company transactions)  
 Accounting treatments of discrepancy of book value of assets and cost in consolidated statements  
 Accounting treatments of minority interest in consolidated subsidiary company.

- (ii) Practical application, including:  
 Preparation of consolidated balance sheet, statement of income, and statement of surplus, including treatment of:  
     net worth at acquisition date  
     calculation of goodwill on consolidation  
     inter-company receivables and payables  
     inter-company fixed asset transactions  
     inter-company bond transactions (premium and discount)  
     inter-company purchases and sales (inventories)  
     inter-company dividends  
     minority interest  
 Accounting treatment and statement presentation re non-consolidated subsidiaries (including cost and equity bases, treatment of inter-company accounts, transactions and profits).

(b) Branch operations:

- (i) Theory, including:  
     Nature and purpose of branch organization  
     Types of head office and branch relationships  
     Branch vs. subsidiary company  
     Branch vs. agency  
     Records maintained by branch and head office (controls, etc.)  
     Inter-branch profits (inventories, etc.)

- (ii) Practical application, including:  
     Branch reports  
     Branch and head office statements.

(c) Accounting for foreign exchange:

- (i) Theory, including:  
     Bases of conversion  
     Treatment of profit and loss on conversion.
- (ii) Practical application, including:  
     Effect on valuation of assets and liabilities  
     Preparation of consolidated statements with foreign subsidiary or foreign branch.



(d) Fund accounting:

(i) Theory, including:

Definition of fund accounting  
Purposes, advantages, etc.  
Principles of application  
Procedures particular to specific types of organizations  
such as municipalities, educational institutions,  
hospitals, trust companies, etc.

(ii) Practical application, including:

Accounting treatment and statement presentation to  
demonstrate the principles involved.

(e) Instalment sales:

(i) Theory, including:

Nature of, and circumstances adaptable to, instalment  
sales arrangements  
Records maintained  
Recognition of profits.

(ii) Practical application, including:

Calculation of profits.

(f) Consignment operations:

(i) Theory, including:

Nature and purpose of consignment organization  
Consignee and principal relationship  
Records maintained by principal and consignee (controls,  
etc.)

(ii) Practical application, including:

Consignee reports  
Consignee and principal statements.

(g) Agency operations:

(i) Theory, including:

Nature and purpose of agency organization  
Types of principal and agency relationship  
Records maintained by principal and agent (controls, etc.)

(ii) Practical application, including:

Agency reports  
Agency and principal statements.



## (h) Departmental operations:

## (i) Theory, including:

Nature and purpose of departmental organization.

## (ii) Practical application, including:

Calculation and allocation of cost including distribution of factory service expense  
Departmental statements.

## SECTION VIII

## SPECIALIZED TYPES OF OPERATIONS

## Good Working Knowledge of:

## Executorship and trustee:

## (i) Theory, including:

Special problems involved, including principles of the law relating thereto  
Distinction between corpus and income  
Meaning and significance of "inventory of assets", "aggregate value", "fair market value", etc.  
Accounting records maintained and statements prepared by executor or trustee.

## (ii) Practical application, including:

Calculation of "inventory of assets", "aggregate value", etc.  
Allocation of receipts and disbursements between corpus and income  
Executor's accounts  
Winding-up of estate.

## General Knowledge of:

The particular accounting features of specialized businesses, such as:

Banks  
Chain stores, department stores  
Charitable organizations  
Construction companies  
Co-operatives  
Educational institutions  
Finance companies  
Fishing companies  
Flour milling companies





Governmental accounts  
 Governmental authorities  
 Hospitals  
 Hotels  
 Insurance companies  
 Logging and lumbering companies  
 Meat packing companies  
 Mining companies  
 Municipalities  
 Mutual funds  
 Oil companies  
 Professional firms  
 Property development companies  
 Public utilities  
 Railroads  
 Real estate firms  
 Steamship companies  
 Stock brokers  
 Transportation companies  
 Trust companies  
 Union organizations.

#### SECTION IX

BANKRUPTCY, LIQUIDATION, RECEIVERSHIP, CREDITORS' ARRANGEMENTS, ETC.

Good Working Knowledge of:

(i) Theory, including:

Courses of action available to businesses in financial difficulties  
 Special problems involved, including principal laws relating thereto  
 Procedures followed, and records kept in each type of arrangement  
 Types of statements prepared and differences therein.

(ii) Practical application, including:

Preparation of statement of affairs, receiver's accounts, realization and liquidation accounts  
 Appraisal of particular circumstances to determine advantageous course of action  
 Evaluation of proposed plan or alternative plans in particular situation.



## SECTION X

## FINANCING

## Expert Knowledge of:

## Types of capital and financing (external and internal):

## (i) Theory, including:

Essential features of, and difference between, long-term debt and capital stock

Essential features of, and difference between, various types of long-term debt and capital stock: long-term leases, mortgages on real estate, bonds, debentures, common shares, preferred shares, convertible issues, etc.

Internal sources of capital: retained earnings, reserves, etc.

## (ii) Practical application, including:

Preparation of statements and schedules to reflect the application of a specific programme of financing or refinancing.

## Good Working Knowledge of:

## (a) Selection of financing method:

## (i) Theory, including:

Factors to be taken into account in arriving at a reasonable financing structure or refinancing programme

Short-term financing as opposed to long-term financing, circumstances calling for each, features, advantages and types of each.

## (ii) Practical application, including:

Appraisal of particular set of circumstances to determine the most desirable capital structure or financing programme

Evaluation of proposed method or alternative method of financing or refinancing programme.

## (b) Prospectus re bonds, debenture and capital stock issue:

## (i) Theory, including:

Legal requirements, financial information, financial statements, etc., to be included.





- (ii) Practical application, including:  
Preparation of financial statements for inclusion  
in prospectus.

(c) Business combinations:

- (i) Theory, including:  
Courses of action available  
Differences between various types of combinations:  
amalgamations, mergers, etc.  
Features of purchase vs. pooling of interests.

- (ii) Practical application, including:  
Preparation of statements giving effect to specific  
type of business combination  
Appraisal of particular circumstances to determine  
the most desirable form of combination  
Evaluation of proposed plan or alternative plans of  
combination.

## SECTION XI

### AUDITING

Expert Knowledge of:

(a) Meaning of "audit"

(b) Objectives:

Primary objectives of audit:

statutory audit

other engagements

Specific objectives in auditing each item in the financial  
statements.

Techniques, including:

Analysis

Clerical verification

Comparison

Oral inquiry

Physical inspection

Scanning

Vouching

Written confirmation (external and internal).

Procedures, including:

Application of audit techniques to various items in financial  
statements to attain desired objectives

Audit programme--purpose, preparation, advantages and  
limitations of use, etc.



Audit working papers--purpose, preparation, content, etc.

Steps prior to commencement of audit:

new audit vs. recurring engagement

limited company vs. unincorporated business

Detection of fraud:

defalcation with manipulation

defalcation without manipulation

manipulation without defalcation

Procedures to disclose the existence of unrecorded assets, liabilities, expenses, etc., and secret reserves

Procedures related to events subsequent to balance sheet date.

(c) Evaluation of internal control, including:

Purpose of review by auditor

Extent of auditor's responsibility

Methods employed in evaluation--questionnaire, observation, tests, etc.

Internal audit and its significance to external auditor

Reporting to client on findings.

(d) Determination of the scope of the audit, including:

Auditor's responsibility

Relationship between internal control and scope of audit

Detailed examination vs. test-checking.

(e) Planning audit work, including:

Planning to avoid concentration of work at year-end date

Significance of various locations, branches, subsidiaries, etc.

Use of client's staff.

(f) Current development of, and changes in, standard auditing practices:

Research Bulletins, etc.

Good Working Knowledge of:

(a) Audit of mechanical and \*electronic systems, including:

Nature and purpose of variation in normal audit procedures followed when records are kept manually

Emphasis on techniques

Effect on audit personnel planning.

(\*To be examined upon beginning with the 1968 Uniform Final Examination.)



## (b) Auditing procedures relating to special features of:

- Agency operations
- Branch operations
- Consignment operations
- Departmental operations
- Executorship and trustee
- Accounting for foreign exchange
- Fund accounting
- Holding companies
- Instalment sales
- Joint ventures.

## General Knowledge of:

## (a) Statistical sampling, including:

- General nature and techniques of application
- Difference between this technique and usual "test-checking"
- Objectives
- Advantages and limitations
- Effect on audit personnel planning.

## (b) New auditing techniques and procedures which are gaining popularity but which cannot be said to have gained general acceptance.

## SECTION XII

## AUDITOR'S REPORT ON FINANCIAL STATEMENTS

## Expert Knowledge of:

## (a) Types of opinion, including:

- Meaning of, and circumstances leading to:
  - unqualified opinion
  - qualified opinion
  - denial of opinion
  - disclaimer of opinion
- Proper presentation of various types of opinion
- Significance re form and content of statements
- Statements covered by opinion
- Supplementary financial data in annual report.

## (b) Form and content, including:

- Standard form of report
- Legal requirements, general and specific
- Significance of various portions of report: scope paragraph, opinion paragraph, reference to conformity and consistency, etc.
- Comments in reports vs. notes to financial statements
- Supplementary memoranda and schedules for management.





- (c) Specific problems relating to:
  - Unincorporated business
  - Consolidated statements
  - Prospectuses.
- (d) Report on unaudited statements:
  - Contrast with auditor's reports
  - Recommended form of report
  - Problems involved.
- (e) Events subsequent to balance sheet date.

### SECTION XIII

#### AUDITOR

##### Expert Knowledge of:

- (a) Appointment:
  - Legal and professional considerations
  - Powers and duties.
- (b) Standards of performance, including:
  - Ethics and rules of professional conduct
  - Independence
  - Reliance on the opinion of others
  - Regulatory legislation
  - Responsibility for detection of fraud and error
  - Responsibility for form and content of financial statements.
- (c) Legal liability:
  - For negligence, to client and third party
  - For fraud
  - For misfeasance as an officer of a client limited company.

### SECTION XIV

#### ORGANIZATION AND REGULATION OF CHARTERED ACCOUNTANTS

##### Good Working Knowledge of:

- Regulation of professional activities:
  - By-laws and rules of professional conduct.



General Knowledge of:

- (a) The Canadian Institute of Chartered Accountants:  
     Organization  
     Functions  
     Membership.
- (b) The provincial Institute of Chartered Accountants:  
     Organization  
     Functions  
     Membership.
- (c) Other organizations of accountants--Canadian and foreign.

SECTION XV

BUSINESS INVESTIGATIONS

Good Working Knowledge of:

- (a) Factors to be considered, types of information required, and procurement and analysis of information, in order to make a decision.
- (b) Preparation of reports, statements, schedules, etc., to substantiate a decision and to advise in particular circumstances.
- (c) Auditing procedures followed in carrying out an investigation.

All of the above points relate to investigation engagements covering such areas as:

- Capital re-organizations and refinancing, including conversion from partnership to limited company and business combinations, and income tax effects of the method of capitalization
- Evaluation of changes in operating results, general and specific aspects thereof
- Purchase of (assets vs. shares) and investment in a business
- Sale of business or interest therein
- Fire loss
- Prospectus
- Evaluation of financial policies
- Bank loan and other credit sources
- Creditors, bankruptcy
- Fraud
- Dividend policy.





## General Knowledge of:

Points (a), (b) and (c) above as they relate to investigation engagements, such as:

Alternative methods of operations, including levels of production, methods of production, etc.

Installation of accounting machines and \*data processing equipment.

## SECTION XVI

## MANAGEMENT

Note: This section is to be approached from the point of view of achieving familiarity with the various aspects of management and how each fits into the overall business pattern. It is to be considered as an aid to the development of good public accounting and auditing practice rather than management facility per se. Other areas such as budgeting, cost accounting, control techniques, internal control and financing, in which a greater depth of knowledge is required, have been included elsewhere in the syllabus.

## Good Working Knowledge of:

- (a) Functions of management, including such aspects as:  
 Responsibilities to shareholders, employees, clients, etc.  
 Organizing, planning, controlling, directing, financing,  
 etc., to produce effective functioning of business.
- (b) Administrative organization, including such items as:\*\*  
 Formal scheduling and standardization of accounting procedures  
 Management reports, communications, etc.  
 Insurance coverage, such as liability, fidelity, business  
 interruption, life, fire, etc.

## General Knowledge of:

- (a) Personnel organization, including such items as:\*\*  
 Plan of organization re authority, responsibility, job function,  
 etc.  
 Recruiting and training  
 Supervision  
 Salary administration and job evaluation.
- (b) Labour relations, including such items as:\*\*  
 Unemployment insurance  
 Workmen's compensation

(\*To be examined upon beginning with the 1968 Uniform Final Examination.)

\*\*To be examined upon beginning with the 1969 Uniform Final Examinations.)



- Union contracts
- Wage incentive plans
- Stock purchase plans
- Pension and retirement schemes
- Employees' welfare services.

- (c) Production organization, including such areas as:\*
- Labour control
  - Material control
  - Facilities control, including plant location and layout, equipment selection, replacement and maintenance, work simplification, etc.
  - Production planning, measurement and control
  - Quality control.
- (d) Marketing and distribution organization, including such areas as:\*
- Market research: analysis of consumer behaviour, private and industrial demands, etc.
  - Sales forecasting
  - Sales and advertising budgets
  - Distribution methods and problems
  - Sales organization.

## SECTION XVII

### TAXES

Note: This section is to be approached from the point of view of understanding the application of the current provisions of appropriate Canadian statutes to practical situations rather than from an economic or philosophical point of view. The following list was prepared to illustrate the extent of the detail which is to be covered. It is to be interpreted with reference to the statutes in force on the last day of the calendar year immediately preceding the year of examination.

Good Working Knowledge of:

Income Taxes

- (a) Forms, information returns, etc.
  - (i) Non-corporate taxpayers, including estates and trusts
  - (ii) Corporate taxpayers.

(\*To be examined upon beginning with the 1969 Uniform Final Examinations.)



- (b) Computation of tax base:
  - Income receipts vs. capital receipts
  - Income vs. taxable income
  - Revenue or gross income
  - Expense deductions
  - Deductions from net income.
- (c) Tax calculation:
  - Income tax at graduated rates
  - Old age security tax
  - Surtax on investment income
  - Provincial tax credit
  - Foreign tax credit
  - Canadian dividend tax credit
  - Special tax on lump sum receipts.
- (d) Payment of taxes, penalties, etc:
  - (i) Non-corporate taxpayers
  - (ii) Corporate taxpayers.
- (e) Assessments, re-assessments, appeals, etc.:
  - General nature
  - Procedure followed.
- (f) Exemption from taxation.
- (g) Problems of non-corporate taxpayers, e.g.:
  - Superannuation or pension benefits
  - Employees profit sharing plans
  - Personal corporation revenue
  - Loans to shareholders
  - Two fiscal periods ended in same year.
- (h) Problems of corporate taxpayers, e.g.:
  - Dividend distribution
  - Tax-paid undistributed income and distribution thereof
  - Conversion of common shares
  - Loans to shareholders
  - Redemption of preferred shares
  - Amalgamation--Section 851
- (i) Problems applicable to corporate and non-corporate taxpayers, e.g.:
  - Inventory valuation
  - Capital cost allowances
  - Non-arm's length transactions
  - Scientific research expenditures
  - Lease-option and hire-purchase agreements.





(j) Problems inherent in tax planning.

#### Gift Taxes

Definition of gifts, value, exemption, etc.  
Taxable amounts  
Application of rates  
Planning.

#### Estate Taxes

Calculation of aggregate net value  
Exemption of gifts, etc.  
Calculation of tax  
Advice in estate planning.

#### Sales Taxes

#### General Knowledge of:

- (a) Excise taxes.
- (b) Realty and business taxes.
- (c) Special provisions applicable to particular industries, occupations, and status, such as:
  - (i) Farmers, fishermen
  - (ii) Co-operative enterprises
  - (iii) Non-resident owned investment corporations
  - (iv) Estates and trusts
  - (v) Non-residents of Canada.
- (d) Organization and functions of the taxation division of the Department of National Revenue and the Income Tax Appeal Board.

### SECTION XVIII

#### REGULATORY LEGISLATION

Note: This section is to be approached from the point of view of practical application of the provisions of the legislation only.

#### Good Working Knowledge of:

##### Canada Corporations Act

Requirements relating to the functions and reporting of corporations (public and private companies)  
Situations requiring legal services



Holding companies  
 Preliminaries to incorporation  
 Charter, supplementary letters patent, etc.  
 Prospectus  
 Dividends.

General Knowledge of:

Legislation which may affect various business functions, such as:

- (a) Municipalities.
- (b) Banks, trust companies, etc.
- (c) Estates.
- (d) Labour legislation, including:
  - Wages and hours, vacation with pay
  - Unemployment insurance
  - Workmen's compensation
  - Collective bargaining
  - Industrial disputes
  - Pension benefits.

## SECTION XIX

### MATHEMATICS

Good Working Knowledge of:

Prerequisites from high school algebra: a knowledge of arithmetic and geometric progressions, exponents, solution of elementary equations, use of mathematical tables. A knowledge of logarithms is useful but not essential.

Mathematical theory of finance:

- Simple interest and discount
- Compound interest
- Annuities
- Amortization and sinking fund method of liquidating a debt
- Depreciation, depletion, capitalization, comparison of assets
- Evaluation of bonds and other securities.





## APPENDIX E

### EXTRACT FROM THE 1959 MARTIN REPORT



## PURPOSES SERVED BY THE REQUIREMENT OF A UNIVERSITY DEGREE

Broader Background in General

Erwin N. Griswold, Dean of the Harvard Law School, has this to say of accountants in the United States: "Accounting education in this country is generally on the undergraduate or vocational level. . . . In addition to this, the young accountant usually goes through a period of apprenticeship. This is undoubtedly valuable experience and training for him, but it is not likely to be a broadening education. . . . The minds of accounting students are trained, but, by and large, they are not stretched."

Our courses of instruction are intended to provide technical training. It is no part of their purpose to provide general educational background, and any attempt to do so would be ill advised. The place for that is in educational institutions.

Better Reasoning Power and Adaptability

Quoting from "Skilled and Professional Manpower in Canada, 1945-1965," "Constant changes in society and in the economy are characteristic of the age in which we live. . . . This strongly suggests that, in order to be able to adapt easily to changing technical conditions and new industrial requirements, more and more of the skilled, technical and professional workers will require a broad training and background in addition to their particular knowledge and skills in specific fields."

It is often said that the main purpose of higher education is to teach one to reason. The university student learns of necessity to organize his time and effort in such fashion as to approach a problem,



whether academic or otherwise, with a greater degree of efficiency. He learns to see things in proper relationship and to exercise judgment. The acquired ability to write examinations is more often a manifestation of this than of a fortuitous circumstance limiting the effectiveness of examinations as a measure of knowledge and ability.

Possession of these capacities in greater degree before exposure to technical training enables the latter to be absorbed more readily and intelligently, to which greater maturity in years also contributes.

### Exposure to University Life

Briefly, the academic environment and social development that it fosters should, among other things, assist the student to get along well with other people and engender a feeling of confidence both in and within him.

### Screening of Applicants

Raising the standards in our examinations should improve quality but this is not a practical point at which to apply the screening process. It is both a wasteful and dangerous liberty to take with society. While the screening responsibility that now rests with the provincial institutes may provide a transient labour force of doubtful value, it courts much unfavourable comment concerning passing percentages. The universities can do a great deal for us in eliminating those who are not sufficiently capable or conscientious to pursue advanced education and technical training.





### Better Relations with Future Supply Source

A fairly rapidly increasing proportion of top grade high school graduates is going on to university, and recruitment therefore must be increasingly from universities to find them. By the same token, continued recruiting from high schools will yield an increasing proportion of lower capacity students; if the profession is to aim for higher standards, this can only result in a growing number of failures and a lessening of attraction to even low capacity students.

The increasing trend toward university education will continue. It follows that the proportion of young people entering the labour force as matriculants will decrease; and those who do so are likely to be thinking increasingly of entering trades rather than professions. It would be unfortunate if we should wait for outside events to force us into a realization that the historic source was substantially drying up and the alternative source--university graduates--had meanwhile become increasingly conditioned to other careers through our failure to anticipate and lay the necessary groundwork.

(The trends mentioned above will be accelerated by increasing recourse to scholarships, bursaries and other aids to high calibre students. In terms of future planning we therefore are not greatly impressed by reminders of the high school recruits who have proven in the past to be highly successful examinees and members, or about potentially superior C.A.'s being eliminated for financial reasons. And if there should be some good high school graduates eliminated for financial or other reasons, we should not be concerned about individual cases of



hardship--we have no special mission that is not given to other professions.)

Generally speaking, universities appear to be taking an increasing part in the teaching of accounting and allied commercial subjects. We cannot long defend our position as educators in virtual competition with them.

### Professional Recognition

University education has long been recognized by other established professions as a prerequisite for admission, and the public generally has come to think of the professions as synonymous with university graduation. There is little comfort in telling ourselves we have all the basic attributes of a profession if we should cease to be accepted as such and not sought to supply professional service. If we are to promote greater recognition as a profession, it is essential that steps be taken to ensure that our standards of admission are at a professional level.

Closer liaison with universities should also enhance our standing as a profession.

(The Sub-Committee on Long-Range Educational Planning)





## APPENDIX F

REPRESENTATIVE ACTUAL COMMENTS OF PRACTITIONERS  
ON HOW THEY PLAN TO OVERCOME THE PROBLEMS  
ASSOCIATED WITH THE TRANSITION TO A  
UNIVERSITY DEGREE PREREQUISITE



"In a small centre the fees are approximately one-half of those in larger centres. Our fee structure would make it impossible to pay a university graduate the salary he would expect as with no practical experience he would only be able to handle the low level for the first year or two--after that his articles are over."

"Firstly oppose the transition--if this fails the small town C.A. is going to have an impossible staff situation on his hands. The only course of action I can see so far is to double the fees, will lose half of our clients but will be able to maintain the same gross with half the staff. This would take away our services from a great number of clients."

"The quality of the degree is going to be set back 50 years. Under the present system I would turn over any of our offices to a recent fee graduate and would be confident of his ability. Not only does he have his degree but he also has his five years of practical experience. The quality of the degree after 1970, I am afraid will depend upon the quality of the university attended. Let's hope it does not get as bad as the States where you have to know the state in which a man qualified before you know or can appraise his qualifications."

"Improve audit techniques; set up separate accounting services department and use data centres (I.B.M.)."

"B.Comm.'s are too expensive for their comparative utility--low practical experience in problems of small clients. We don't expect students to do bookkeeping, but we feel a man must have some of this practical experience to help clients with office problems."

"We would have to hire practically nothing but staff accountants for all our work, including audits. The effect of this, for all smaller firms, would be to be forced out of the training field entirely. The C.A. profession we feel will always need some 'general practitioners,' or specialists with general practitioners background."

"We feel that the smaller practices will be forced to rely more and more on permanent clerical staff for routine and detailed work. Semi-senior staff can be acquired through the university prerequisite program and trained to fill senior staff audit positions. We feel that there is a danger that the university graduate may advance too rapidly to acquire proficiency in fundamental practice. (Unbalanced ratio of theoretical knowledge and practical experience)."

"There is an increasing demand for chartered accountants in all business areas. A general change in staffing policy would reduce the number of students and it follows the number of graduates. If we cannot fill the demand from members of our profession, people must look to other accounting bodies for trained people. While we



do not believe in sacrificing quality for quantity we are apprehensive of a program which could reduce the number of well trained accountants becoming available. 'The accounting and auditing clerks will not be members of prospective members of the profession. Therefore it would appear that their work would be inferior which would lower the standard of our entire profession.' 'If there is a degree requirement before students are employed we would probably have to hire bookkeepers and auditing clerks which would be a backward step. We believe that the university degree is not necessary--all that has to be done is to improve the present course.'"

"The problem we believe is this--after 1970 this policy will channel all students (other than university students) towards the R.I.A. course or C.G.A. Course. In a number of years this may have the effect of making the R.I.A. or C.G.A. associations much stronger than they are--thereby weakening our position."

"We cannot make this 1970 change without some legal control over the formation of more accounting organization, and their right to act as 'public accountants.'"

"We stand a good chance of becoming specialized auditors, existing only in national form, available only to the largest business firms, ignored by the small to medium size businessman who most needs our help, because of our cost and inability to give practical help at his level."

"I may be forced to sell my practice to a larger firm thereby enabling transfer of student personnel between offices. I think that the institute hurts itself by discouraging the small practitioner. Look around you fellows, do you see lawyers or doctors forming large national or international firms? I think we should take a close look at this. Our independent status suffers as a result I believe."





## APPENDIX G

### REPORT TO MEMBERS ON NEW EDUCATIONAL PROGRAM



To: The members of  
The Institute of Chartered Accountants of Alberta

### SUMMER SCHOOL

The 1966 Annual Report of the Institute outlined the need to expand the existing courses of instruction for students in order to meet the standards contained in the Body of Knowledge in the Uniform Examination Syllabus. A verbal report was presented to the members of the Institute at the annual meeting in Banff and approval in principle was granted for the introduction of four week summer school courses.

Since that time, detailed plans and arrangements have been completed for summer school programs and Council has approved these plans for introduction this summer.

The first summer school of the Alberta Institute will be held at the University of Alberta, Edmonton, from August 21 to September 15, 1967 and three courses will be presented to students who are presently enrolled in each of years I, II and III.

Summer school will be compulsory for all students except those who are presently exempt from the Institute courses of instruction.

The courses which will be presented in summer 1967 are as follows:

Students presently enrolled in year III

3 courses:

Quantitative Methods  
Computing Science  
Specialized Accounting





Students presently enrolled in year II

3 courses:

Introductory Management Accounting  
 Specialized Accounting  
 Intermediate Accounting

Students presently enrolled in year I

3 courses:

Economics  
 Introductory Management Accounting  
 Intermediate Accounting

Students presently enrolled in year IV

A special two week course to be held at the University of Alberta, Edmonton from June 15 to June 30, 1967, in Computing Science.

No summer courses will be presented this year for students presently enrolled in year V.

## COURSE CONTENT

The new format of the Alberta educational program is significantly different from the evening lecture program previously presented. The curriculum departs from the "course year concept" and reflects the adoption of a "subject area concept." Basically the new program consists of 15 subjects as follows:

## Accounting

1. Introductory Accounting
2. Intermediate Accounting
3. Specialized Accounting
4. Introductory Management Accounting
5. Advanced Management Accounting
6. Advanced Accounting

## Auditing

7. Introductory Auditing
8. Intermediate Auditing
9. Advanced Auditing

## Related Subjects

10. Law
11. Economics
12. Taxation
13. Quantitative Methods (Statistics)
14. Computing Science
15. Finance



Much of the content of these subjects was previously contained in our course material. However, the division of curriculum into separate and identifiable courses has permitted a substantial enrichment of existing material and the introduction of new courses, some of which could not have been adequately presented in the evening lecture program.

The subject areas contained in our new curriculum were determined following consultations with the other western provinces and the Ontario Institute.

#### LOCATION

For this initial year, 1967, the University of Alberta campus in Edmonton was selected as the location for summer school. The Faculty of Business Administration and Commerce at Edmonton, with assistance from other faculties, is in a position to provide instructors for this course. In addition, there are economies resulting from a single location and from the administrative convenience of locating the summer school in the same city as the Institute office.

It is anticipated that summer schools will be presented in other centres in subsequent years. We are particularly hopeful that the University of Calgary will be in a position to participate in this program in 1968.

#### COSTS

All members of the Education Committee and of Council have been cognizant of the costs involved in this program. Course fees are listed in the attached schedule and text books are estimated to cost an addi-



tional \$10.00 to \$15.00 per course, except for Computing Science for which text costs may be higher. Arrangements have been made for room and board at the University for the four week period at a cost of \$82.00 to \$90.00 per month. Students are urged to live in the residence during summer school but this is not compulsory.

#### EXEMPTIONS

The attached schedule indicates the changed course requirements for students at various levels of the present program. Because of the varying educational backgrounds of new students entering our profession, particularly after 1970, we are making provision for exemptions similar to the total exemption presently granted to B.Comm. Accounting majors. A student entering directly from high school will be required to take all 15 courses. A student entering with an accounting major, who is presently exempt, may in future be required to take three courses although a change in the By-laws would be required and this has not yet been effected. For new students between these two extremes, all of the fifteen Institute courses will be required but exemptions will be granted to those who have completed equivalent courses at other recognized educational institutions.

We intend to send detailed course requirements to each student who is presently enrolled in the program. We will then provide a general instruction which should contain sufficient information to permit members and prospective students to anticipate which exemptions are likely to be granted. A formal procedure will be established shortly to process all registration applications and to determine course exemptions.





## BODY OF KNOWLEDGE

A commentary on the American Institute Body of Knowledge, which was published in September 1966, is enclosed for your information. This study required three years to complete and it is interesting to observe that the C.P.A.'s are facing problems which are very similar to those being faced in Canada. Their recommendations and conclusions appear to be compatible with the educational program presently being introduced here and this is encouraging to us.

## CONCLUSION

Arrangements have been completed to have the Chairman of the Education Committee and the Director of Education attend meetings of all C.A. clubs during the month of March for the purpose of discussing and explaining the summer school program and the future plans for C.A. education in the province. It is hoped that all members who possibly can arrange to do so will attend these meetings to communicate their views and to assist with this important undertaking.

J. M. Rooney

Chairman, Education Committee



APPROVED C.A. COURSE OF INSTRUCTION  
Including Summer School Classes

Schedule "A"

Students presently enrolled in Year I			Students presently enrolled in Year II		Students presently enrolled in Year III	
	Course Requirements	Course Fees	Course Requirements	Course Fees	Course Requirements	Course Fees
Sept.1966 - Dec.1966	Introductory Accounting	\$125	Law, Intermediate Auditing	\$125	Intermediate Auditing	\$125
Jan.1967 - April 1967	Introductory Auditing		Intermediate Accounting		Intermediate Accounting	
June 1967 Exams	Primary		Law		Intermediate	
Aug.1967 Summer School	Economics	45	Introductory Management Acctg.	60	Computing Science	55
	Introductory Management Acctg.	60	Specialized Accounting	60	Quantitative Methods	35
	Intermediate Accounting	60	Intermediate Auditing	45	Specialized Accounting	60
Sept.1967 - Dec.1967	Law	45	Advanced Accounting	45	Tax	45
June 1968 Exams			Intermediates			
Aug.1968 Summer School	Quantitative Methods	55	Computing Science	55	Advanced Management Acctg.	60
	Specialized Accounting	60	Quantitative Methods	55	Finance	45
	Intermediate Auditing	45	Economics	45	Advanced Accounting	45
Sept. 1968 - Dec.1968	Advanced Accounting	45	Tax	45	Advanced Auditing	45
June 1969 Exams	Intermediates				Finals	
Aug.1969 Summer School	Computing Science	55	Advanced Management Acctg.	60		
	Advanced Management Acctg.	60	Finance	45		
	Finance	45	Make up Deficiency			
Sept.1969 - Dec.1969	Tax	45	Advanced Auditing	45		
June 1970 Exams			Finals			
August 1970 Summer School	Make up Deficiencies					
Sept.1970 - Dec. 1970	Advanced Auditing	45				
June 1971 Exams	Finals					

Note: Students presently enrolled in Year IV are taking the present course of instruction (course fee \$125), and will be required to take a two-week summer school course in Computing Science (course fee \$55) June 15-30, 1967.  
In their final year these students will take the present fifth year course (course fee \$90).

Dates for Summer School - the 1967 Summer School will be held August 21 - September 15, 1967.

Course fees do not include textbooks.

All courses scheduled for the September to December periods and the Introductory Auditing scheduled for the January to April period, will continue to be offered on the present basis, i.e., weekly lectures and correspondence.





## APPENDIX

### PROPOSED INTER-SESSIONAL B.COMM. ACCOUNTING MAJOR PROGRAM



## PROPOSED INTER-SESSIONAL B.COMM. ACCOUNTING MAJOR PROGRAM

The purpose of this memorandum is to suggest the manner in which the recommendations of this Committee, which were approved in principle by Commerce Council, might be implemented. The recommendations were as follows:

1. There should be a compulsory one-year attendance at the University.
2. The regular facilities of the university's existing summer school should be employed to full advantage and an inter-session study period during the months of May and June introduced.
3. An inter-session program could be accomplished according to the following plan:
 

(a) May and June inter-session	- 2 courses
(b) Summer School	- 1 course
(c) Winter Session (evening credit)	- 1 course

For a typical articulated student in Chartered Accountancy, this could then involve the following program:

- |  |                     |
|--|---------------------|
| (a) One year - full attendance                                 | - 5 courses         |
| (b) Four years inter-session, summer school and evening credit | - <u>16</u> courses |
|  | <u>21</u> courses   |

The current policy of the Institute is as follows:

1. Those non-B.Comm. Accounting Major students presently enrolled in the C.A. program will be required to take the courses listed in Table I (Column I shown with Faculty of Business Administration and Commerce equivalents). Senior students will probably be exempt from taking those courses which have not been offered up to this time.
2. Between now and 1970, students taken under articles without any University training will be encouraged to embark on the program hereafter described. Minimum requirements will be those listed in Table I.
3. Starting immediately students taken under articles who have University degrees (except B.Comm. Accounting Majors) will be required to take any of those courses in Table I for which they do not have credit as a minimum requirement for their C.A. They will also be encouraged to take the additional



courses necessary in order to qualify them for a B.Comm. if their degree is from another discipline (Table II illustrates the position vis-a-vis a B.Comm. for the average Arts graduate.

4. Commencing in 1970, in order to be enrolled as a student-of-accounts, an applicant must either:
  - a. Have full credit for the first year of a Commerce program, and undertake to proceed through the program as hereafter outlined; or
  - b. Have an undergraduate degree and undertake to complete the minimum Institute course requirements (Table I).

TABLE I

Column I		Column II		
Alberta Chartered Accountant Program	Minimum Acceptable Hours	Commerce Program	Present U.of A. Hours	
<u>Financial Accounting</u>				
Introduction	45	Accounting 202	½	65
Intermediate	50	Accounting 300	full	130
Specialized	40	Accounting 411	full	130
Advanced	45			
<u>Auditing</u>				
Introduction	45	Accounting 431	½	65
Intermediate	40	X		
Advanced	45	X		
<u>Management Accounting</u>				
Introduction	40	Accounting 204	½	65
Advanced (cost etc.)	50	Accounting 421	½	65
Computing Science	50	Comp. Sci. 351	full	100
Quantitative Methods (statistics)	50	Bus. Stats. 308	½	65
Economics	20	Economics 200	full	130
Law	45	Bus. Law 310	full	130
Income Tax	45	X		
Finance	20	Finance 302	full	50

Note: "X" denotes professional courses which will continue to be given by the Institute.





TABLE II

For University Graduates Seeking Bachelor of Commerce Degree	Possible Exemption For Typical Arts Graduate	Typical Needs For Non-Commerce Graduate
Bus. 202 full		1
English 210 full	1	
Mathematics 240 $\frac{1}{2}$		$\frac{1}{2}$
A. & S. Option full	1	
Psychology full	1	
Mathematics 243 $\frac{1}{2}$		$\frac{1}{2}$
Business 320 full	only Econ. major	1
A. & S. Option $\frac{1}{2}$	$\frac{1}{2}$	
Indus. Relations full		1
Marketing 302 full		1
Production 302 full		1
Business 355 full		1
Econ. or Comm. Option (Acctg. 300)		
Business 400 full		1
A. & S. Option	1	
Econ. & Comm. Option Acctg. 411		
Econ. & Comm. Option Acctg. 421&431		
Econ. & Comm. Option	1	
<u><math>8\frac{1}{2}</math></u>	<u><math>5\frac{1}{2}</math></u>	<u>8</u>
Minimum required courses (Table I - Institute requirement)		$8\frac{1}{2}$
Probably exemptions (taken in Arts)		$5\frac{1}{2}$
Additional Commerce courses required for B.Comm. Accounting Major degree		8
		<u>22</u>

## PROPOSED PROGRAM

The proposed program is predicated on the following assumptions:

1. That anyone desiring to enter this proposed program will be required to take the first full year of an approved University Commerce program as a resident student.
2. That the University will offer courses in an eight week program during the months of May and June. Full courses will involve 2 hours of lectures, five days per week plus laboratories where required. Half courses will be completed in four weeks.



3. That a student may take a maximum of:
- a. 2 courses in any one year in the inter-session period.
  - b. 2 courses in any one year in the Evening Credit program.
  - c. 1 course in any one year in Summer Session.

4. That the following courses have the indicated prerequisites:

<u>Course</u>	<u>Prerequisite(s)</u>
Business 320	Economics 200
Finance 302	Accounting 202 and 204
Production 302	{ Mathematics 240 and 243 Business Statistics 308
Business 354	
Accounting 300	Accounting 202 and 204
Accounting 411	Accounting 300
Accounting 421	
Accounting 431	
Business 400	All credit courses except Business Law 310 and Arts and Science Options.

5. That the "professional" courses (Intermediate and Advanced Auditing plus Taxation) will be given by the Institute.
6. That staff can be obtained to service the courses offered.

It is contemplated that the program, designed to commence in May, 1968, be generally along the lines outlined in Tables III and IV. Table III contains those courses which might be offered in each of the inter-session, summer and evening credit programs. The underlying philosophy would be to reserve for the inter-session the more highly specialized courses, leaving for the other two programs those courses of more general interest.





TABLE III

<u>Inter-session</u>		<u>Summer Session</u>		<u>Evening Credit</u>	
<u>Course</u>	<u>Credit</u>	<u>Course</u>	<u>Credit</u>	<u>Course</u>	<u>Credit</u>
Acctg.300	1	Acctg.202	$\frac{1}{2}$	Bus.Stat.308	$\frac{1}{2}$
Acctg.411	1	Acctg.204	$\frac{1}{2}$	Econ.200	1
Acctg.431	$\frac{1}{2}$	Math.240	$\frac{1}{2}$	Bus.Law 310	1
Acctg.421	$\frac{1}{2}$	Math.243	$\frac{1}{2}$	Bus.202	1
Comp.Sc.351	1	Finance 302	1	Eng.210	1
I.R. 302	1	Mktg.302	1	Psych.202	1
Bus. 320	1	Bus.Law 310	1	A.&S.Opt.	1
Bus. 354	1			Prod.302	1
Bus. 400	1				

The following table suggests the order and number of courses which might be offered in each of the first four years of the program. It will be noted that a student having first year Commerce would obtain credit for only twenty-one courses by taking two courses in each inter-session, 1 course in each Summer Session, and 1 course in each Evening Credit Session. This would mean that he would have to take an additional course in one Evening Credit Session, or possibly in exceptional cases be allowed to take an extra course in his residence year.



TABLE IV

<u>Year</u>	<u>Interession</u>		<u>Summer Session</u>		<u>Evening Credit</u>	
	<u>Course</u>	<u>Credit</u>	<u>Course</u>	<u>Credit</u>	<u>Course</u>	<u>Credit</u>
1968	Acctg.300	1	Acctg.202	$\frac{1}{2}$	Psych.202	1
	Comp.Sc.351	1	Acctg.204	$\frac{1}{2}$	Econ.200	1
	I.R.302	1	Math.240	$\frac{1}{2}$	Bus.202	1
			Math.243	$\frac{1}{2}$	English 210	1
					Bus.Law 310	1
1969	1968 courses <u>plus</u>		1968 courses <u>plus</u>		1968 courses <u>plus</u>	
	Acctg.411	1	Finance 302	1	Bus.Stat.308	$\frac{1}{2}$
	Acctg.421	$\frac{1}{2}$				
	Acctg.431	$\frac{1}{2}$				
1970	1968 and 1969 courses <u>plus</u>		1968 and 1969 courses <u>plus</u>		1968 and 1969 courses <u>plus</u>	
	Bus.320	1	Mktg.302	1	Prod.302	1
	Bus.354	1				
1971	1968, 1969 and 1970 courses <u>plus</u>		1968, 1969 and 1970 courses <u>plus</u>		1968, 1969 and 1970 courses	
	Bus.400	1	Bus.Law 310	1		















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